

Alaska Student Loan Corporation

February 10, 2022

**ALASKA STUDENT LOAN CORPORATION
BOARD MEETING**

[Zoom link](#)

Meeting #: 943 8236 9624

Password: ASLC

Teleconference: (888) 788-0099; Code: 943 8236 9624#

AGENDA

Thursday, February 10, 2022

1. 1:30 p.m. Convene/Roll Call
- 2.* Adoption of Agenda
 - *Suggested motion: move to adopt the agenda of the February 10, 2022, Corporation meeting.*
3. Ethics Disclosure Relative to Adopted Agenda
- 4.* Approval of November 4, 2021, Minutes
 - *Suggested motion: move approval of the meeting minutes from the November 4, 2021, Corporation meeting.*
5. 1:35 p.m. Public Testimony: Individuals 3-minute limit
Group Representative 5-minute limit
6. Chief Finance Officer Report – Julie Pierce, Chief Finance Officer
- 7.* 1:50 p.m. Adoption of Loan Program Fixed Interest Rates FY2022-2023 and Discussion of Revised Credit Criteria for ASEL & Refi Rates - CFO Julie Pierce & Operations Director Kerry Thomas
 - *See suggested motion in memorandum*
8. 2:15 p.m. Executive Officer Report – Sana Efird, Executive Officer
9. Review Upcoming Meeting Dates
 - Thursday, May 12, 2022 at 1:30pm
 - Thursday, November 03, 2022 at 1:30pm
- 10.* 2:30 p.m. Adjournment
 - *Suggested Motion: Move the Corporation adjourn the February 10, 2022 meeting.*

***Action Required – motion, second, and roll call vote**

**MEETING MINUTES OF THE
ALASKA STUDENT LOAN CORPORATION BOARD
November 04, 2021**

A meeting of the Board of Directors of the Alaska Student Loan Corporation (ASLC), conducted via distance delivery, originated from the offices of the Corporation at 3030 Vintage Boulevard, Juneau, Alaska on Thursday, November 04, 2021. Chair MacKinnon called the meeting to order at approximately 1:32 p.m.

ROLL CALL

Members of the board present for all or portions of the meeting: Chair Anna MacKinnon, Barbara Adams, Dave Donley, and Micaela Fowler. Vice Chair Donn Liston was not able to attend.

Staff present for all or portions of the meeting: Sana Efird, Executive Officer; Julie Pierce, CPA, Chief Finance Officer; Kerry Thomas, Director of Program Operations; Jamie Oliphant, Director of Information Support Services; Susan Sonneborn, Assistant Attorney General; and Kordel Thompson, Executive Secretary.

Guests/Presenters in attendance: Karen Tarver, CPA, Partner, Elgee Rehfeld, LLC. Also Lee Donner, Regional Managing Director for Hilltop Securities Inc.

ADOPTION OF AGENDA

Deputy Commissioner Donley did not join the meeting until after this agenda item. However, with Dr. Adams, Deputy Commissioner Fowler, and Chair MacKinnon present, there was still a quorum to enable voting.

Dr. Adams moved to adopt the agenda of the November 04, 2021, board meeting. Ms. Fowler seconded the motion. By roll call vote, all members present voted aye. The motion carried.

ETHICS DISCLOSURE

Relative to the adopted agenda, no potential violations were disclosed by board members.

APPROVAL OF MINUTES

Dr. Adams moved to approve the minutes of the May 13, 2021 and October 12, 2021 board meetings. Ms. Fowler seconded the motion. By roll call vote, all members present voted aye. The motion carried.

PUBLIC TESTIMONY

Chair MacKinnon opened the public comment period to accept public testimony. Ms. Malan Paquette provided public testimony. There being no other members of the public wishing to speak, Chair MacKinnon closed the public comment period.

EXECUTIVE OFFICER REPORT

Ms. Efird referenced her written report starting on page 13 of the meeting packet. The focus of the Executive Office this quarter was the distribution of the Alaska Performance Scholarship (APS), Alaska Education Grant (AES), and WWAMI funds to students, as well as advocating for a permanent funding solution to the Higher Education Investment Fund (HEIF). Another focus has been the completion of the Institutional Authorization Regulations project; the changes were approved at the October 2021 Commission meeting, and the regulations are currently being reviewed by the Department of Law. Ms. Efird also continued to monitor COVID mitigation, review lease options with senior managers, and worked with Chief Finance Officer Julie Pierce on updating the Corporation's investment policy.

Ms. Efird provided a budget update. On August 25, Governor Dunleavy directed ACPE to distribute the APS, AEG, and WWAMI payments for FY22, based on a determination by the Department of Law through Attorney General Treg Taylor that the funds had already been appropriated before the Constitutional Budget Reserve sweep. However, the Higher Education Investment Fund (HEIF) remains unfunded until/if the sweep is reversed, and therefore requires the development of a permanent funding solution to continue financing Alaska's financial aid higher education programs. As part of ACPE's annual budget preparation and proposal process, Ms. Efird and CFO Pierce have met with the Office of Management and Budget and the Governor's Office to present ACPE's FY23 budget proposal.

Ms. Efird provided an Outsourcing update. She commended staff's dedication while addressing the increased workload resulting from not only the ongoing Outsourcing project, but also the reduction in staffing, the HEIF funding situation, and the onset of other important projects. Considering both the increased stress on staff and the need to develop the best possible outcome for borrowers, Ms. Efird relayed that senior management had decided to extend the project deadlines. The date for loan originations to switch over to CampusDoor is now April 1, 2022, while the loan servicing conversion to American Education Services (AES) will happen on October 1, 2022.

Discussion: Chair MacKinnon expressed her disappointment that the outsourcing project had been extended, as she pointed out that the deadline had already been pushed out once before, and the completion of the project is expected to result in major cost savings that are needed to offset the Corporation's net operating loss. She inquired what steps ACPE management was taking to track the project and ensure the new deadlines will be met. Ms. Efird relayed that a project manager is overseeing the implementation, whom senior managers are meeting and communicating with on a regular basis. With the turnover of staff and loss of expertise, they are working to realign and retrain existing staff to take on these new tasks in order to complete the project as soon as possible. Chair MacKinnon asked if there was any pending Federal Legislation that could impact student loans in Alaska. Ms. Efird replied that there was a change to the Public Service Loan Forgiveness option for Federal loans, and that staff and management are looking how that may affect our FFELP portfolio, but it should not affect ASLC and ACPE's bottom line.

CHIEF FINANCE OFFICER REPORT

Chief Finance Officer Julie Pierce referenced her written report starting on page 15 of the meeting packet. Ms. Pierce notified the board that the Corporation's 2013A notes were redeemed at the end of June 2021, with a summary of the redemption cost included in the meeting packet _____

comparing it to the original estimates as presented to the board in Fall 2020.

Ms. Pierce highlighted the LIBOR situation, specifically the issue with the special allowance payment (SAP) rates which staff is still monitoring and will keep the board up-to-date of any outcomes and/or financial impact on ASLC.

FINANCIAL STATEMENTS

Karen Tarver, CPA, Partner, Elgee Rehfeld, LLC reported on the Corporation's annual audit and financial statements. She referenced the financial statements and related materials included in the meeting packet. She highlighted the Letter to the Board, which summarizes information about the auditor's responsibilities under generally accepted auditing standards, Government Auditing Standards and the Uniform Guidance, as well as information related to the scope and timing of the audit. She reported that Elgee Rehfeld had no audit adjustments to the financial statements for June 30, 2021. In addition to the financial statement audit, because of the agency's involvement with the federal loan program (FFELP), a compliance audit was also required. She noted that this was the first year that a third party serviced the FFELP loans, and that they performed their own compliance review. After reviewing their report, Elgee Rehfeld had only to work on one area not covered by their report, and they noted no compliance issues. She reported that Elgee Rehfeld ultimately issued an unmodified opinion, which means nothing came to auditors' attention that led them to believe there were any material misstatements in the financial statements for June 30, 2020. Ms. Tarver concluded her report by reviewing information on accepted accounting principles and governmental auditing standards.

Ms. Pierce referenced the overview of the financial results as the statements of revenue, expense, and changes in Net position on page 33 of the packet. She reported how this reflects an overall loss in net position of \$3.5 million compared with \$3.6 million from the prior year, and that there were declines in both revenue (through overall interest on loans and investment income) and expenses (via operating expenses and provisions for loan loss). She advised that loan repayments continue to be greater than originations and capitalized interest, resulting in a decline in assets year over year and an increase in investment portfolio balances.

Deputy Commissioner Donley moved to accept the annual Financial Statements of the Alaska Student Loan Corporation for the year ending June 30, 2021. Dr. Adams seconded the motion. By roll call vote, all members present voted aye. The motion carried.

Discussion: Chair MacKinnon remarked that she'd hoped to see the Corporation's efforts to reduce the operating loss to be more effective than they were, and asked Ms. Pierce if they will see a similar reduction next year if they don't take additional steps, or will they realize some of the increased revenue opportunities based on the changes made to reduce the corporation's debt. Ms. Pierce replied that the factors that drive the overall health of the corporation include how funds are invested, the ability to increase loan performance and reduce delinquencies, reducing expenses, and increasing originations that have a higher interest rate than your investments, and balancing that with the reduction in the interest expenses associated with their debt. She went on to say that ACPE's management team is looking at all of these things, and that part of the reason why they are revising ASLC's investment policies is to be able to meet the level of expenses they still anticipate even after the savings to be garnered from outsourcing and all planned reductions. Ms. Efirid added they are continually looking at expenditures, efficiencies, and lean processes to identify ways to

reduce costs. However, she went on to say that originations are in decline almost nationwide, and in Alaska there has not only been a reduction in the overall number of students attending post-secondary institutions, but an added decline in the number of those students choosing to attend in-state, representing a two-fold reduction in originations for ACPE. She mentioned some of the strategies senior managers are pursuing, including the implementation of a second placement collection vendor, engaging with a contractor to help identify strategies for preventing borrowers from defaulting, and improving marketing. Chair MacKinnon expressed that she is seeking clarity regarding there still being a net loss of \$3.5 million when expenses were reduced by \$1 million. She stated that if the Commission cannot align their programs with the resources available, then the Corporation will continue to see these losses. She expressed that the Corporation wants to work collaboratively with the Commission, but she is concerned that they are continuing to see a large net operating loss while the ASLC is trying to reduce borrowing costs for students. She asked Dr. Adams as the board's representative on the Commission to highlight the Corporation's concerns regarding aligning programming and the services being offered with the revenue streams that are available. Ms. Efirid commented that the Commission did have an Executive session during their Fall quarter meeting two weeks prior, wherein they had a confidential and deliberative budget discussion.

DIVIDEND RECOMMENDATION

Ms. Pierce referred the board to her memo on the subject of the FY23 Dividend to the State on page 71 of the meeting packet. She reminded the board how they can elect to pay a dividend to the State of AK if their net income meets or exceeds \$2 Million. She advised that for the year relative to the FY23 dividend their net income did not reach \$2 Million, and that her recommendation was therefore not to declare a dividend for that fiscal year.

Deputy Commissioner Donley moved that, in accordance with AS 14.42.295 and the Corporation's income before return of capital loss for the year ending June 30, 2021, the Corporation not declare a 2023 dividend. Ms. Fowler seconded the motion. By roll call vote, all members present voted aye. The motion carried.

FUTURE MEETING DATES

- Thursday, February 10, 2022 at 1:30-2:30 pm
- Thursday, May 12, 2022 at 1:30-2:30 pm
- Thursday, November 3, 2022 at 1:30-2:30 pm

Deputy Commissioner Fowler moved to set future Corporation meetings, as listed on the November 04, 2021 meeting agenda. Deputy Commissioner Donley seconded the motion. By roll call vote, all members present voted aye. The motion carried.

CLOSING COMMENTS

Chair MacKinnon afforded the board members the opportunity to present closing comments.

Dr. Adams thanked the Chair, Executive Officer Efird, and the entire ACPE team for their work. She stated that she knows everyone is concerned about the current status and future of the Commission and Corporation, and that she appreciates both the efforts being taken to move forward and the interest in trying to do what's best for ACPE's loan recipients and Alaskan students. She pledged to continue the conversation and bring up the Corporation's concerns with the Commission.

Deputy Commissioner Fowler expressed her appreciation to Chair MacKinnon, Executive Officer Efird, and all of the staff. She also expressed her appreciation for how complex a solution will be required to get the Commission and Corporation to a better operating position, and that she is grateful for the opportunity to work with and support staff in achieving this.

Deputy Commissioner Donley relayed that he is sorry to see that the situation is looking worse than he initially thought when he raised concerns about potential inflation at the last ASLC meeting. He cautioned that they are going to have to watch this issue very carefully going forward. He thanked Chair Mackinnon for all her efforts towards making the Commission successful.

Chair MacKinnon expressed her appreciation for the staff, as she knows the work they are doing is extremely complex and they are facing a tough situation with many variables. She stated she is hoping that, as staff is working with the Legislature, that they are pursuing more flexibility and creativity in our options for borrowers. She relayed she'd like to see things such as being able to reward borrowers for good behavior, to have smaller payments being applied earlier on, to help borrowers going into deferment that find themselves unable to pay their student loans. While she also wants to create programs to help borrowers in default, her focus is on encouraging good financial stewardship on the front end. She relayed her understanding of the stress staff is under due to COVID and trying to continue the work under abnormal conditions. She expressed her desire for the ACPE team to understand that just because she is disappointed that things aren't moving faster, doesn't mean she doesn't recognize that it might be the right decision. She also commended Chief Financial Officer Pierce and expressed how impressed she has been with her work and performance, especially as she has worked on larger, complex projects such as the investment policy and the bond solicitation.

Executive Officer Efird commented that she agreed with the Chair's comments on focusing on helping borrowers avoid default, and that they are working on Legislation to allow borrowers to make smaller payments while still in school. This will both offset later interest costs as well as help instill better repayment habits in borrowers earlier on. She stated they need to focus on ensuring better financial literacy in borrowers, helping them to understand their loans and working with them to ensure success. She stated that the goal is for students to complete their degree and/or certificate, so they may in turn support the economy and the needs of Alaska and find success in the workforce. She finished by saying she appreciated all the board members comments, and that while staff will continue to work through the current difficult situation, as they look at projections and work through the problems she does see a light at the end of the tunnel.

ADJOURN

Deputy Commissioner Donley moved to adjourn. Dr. Adams seconded the motion. By roll call vote, all members present voted aye. There being no objection, and no further business to discuss, the motion carried.

The meeting adjourned at approximately 2:38 p.m.

Approved by:

Anna MacKinnon, Chair

Date



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Alaska Student Loan Corporation

FINANCE OFFICE

P.O. Box 110505
Juneau, Alaska 99811-0505
Phone: 907.465.6740
Toll Free: 800.441.2962
TTY: Dial 711 or 800.770.8973
Fax: 907.465.3293
acpe.alaska.gov

Memorandum

To: Alaska Student Loan Corporation Board Members
Thru: Sana Efird, Executive Officer
From: Julie Pierce, Chief Finance Officer
Date: February 10, 2022
Re: Chief Finance Officer Report

LIBOR Issue:

As previously reported to the Board, the London Interbank Offered Rate (LIBOR) was expected to cease to exist at the end of 2021 with an extension of the official termination date for key tenors of LIBOR until the end of June 2023.

LIBOR exposure for ASLC includes special allowance payment (SAP) rates which are calculated quarterly, by the Department of Education (DOE), based on the quarter's daily average one-month LIBOR, plus a pre-determined factor that varies according to loan type, disbursement date, loan status, and not-for-profit eligibility of the lender less the loan's applicable interest rate.

Update: Action necessary to address this issue by changing the SAP benchmark rate has been introduced in Legislation but has not yet passed. ASLC Staff are continuing to monitor this issue and will inform the Board of the financial impact when it has been fully determined. As currently written, the proposed legislation is not detrimental to the Corporation's financial interest.

Finance Staff Strategic Areas of Focus:

Please see updates in red below to the following topics identified by Finance Staff as areas of focus. Updates are from Fall 2020 to now. Staff will not continue to provide updates on these items until or unless there is a need for them to become a separate agenda item.

Investment Policy - The investment policy review has historically taken place annually in November. Staff plans to work with a financial advisor to review the existing policy in consideration of ASLC's current and forecast asset and liability balances in order to optimize investment risk and return goals and recommend any adjustment to policy informed with

analyses. Additionally, Staff have reached out to Department of Revenue (DOR) Division of Investments to determine if the Division can assist ACPE with investment management services at a lower cost than our current investment manager.

- ASLC Board reviewed and adopted a revised investment policy at its meeting on October 12, 2021. The policy became effective in October and the implementation process started in accordance with the asset allocation schedule.

Allowance for loan loss – As part of an annual process, typically in Q3 based on performance through Q2, Staff will be reviewing the methodology used to determine the allowance for loan loss. Staff has discussed some areas briefly with our auditors but did not make any significant changes to methodology for purposes of preparing the estimate for fiscal year end 2020.

- Staff revised the methodology used to calculate the allowance for loan loss for FY21. Staff worked with the auditors to review the change in methodology as part of the annual audit. The change in calculation method supports the estimate of loss inherent in the loan portfolio based on changes in risk factors such as loss experience, loan balance, and loan performance. This change will result in less erratic annual variances in provision for loan loss compared to the old method and variances will be directly correlated to changes in risk factors. Staff are also focusing on strategies to decrease overall loan loss and increase recoveries.
 - The executive team has been meeting regularly to focus on reviewing loan performance and develop strategies to decrease loan loss and student repayment success. Strategies include working with a contract service provider to assist with analyzing the portfolio and provide recommendations, evaluating existing policy and practices for recommended change and strategy development; working with a second placement vendor to assist with default management; and creating a new position, Default Management Specialist, focused on managing practice, policy and reporting associated with loan performance. Additionally, we established an internal Default Management Team (DMT) to focus on this issue. Due to resource constraints from the many agency priority projects at this point in time, the DMT developed a single goal and implementation plan for this fiscal year to reduce loan losses associated with a targeted list of the most financially impactful borrowers.

Financial Projections - As part of an annual and on-going process, Staff will be preparing short and long-term income and cash flow forecasts to support management and the Board's strategic goal to operate a financially sustainable loan program. Staff will consider the cost and benefit of working with an outside service provider to perform forecasts of the loan portfolio using modeling software designed to perform projections based on loan level detail.

- Staff worked with our Financial Advisor to perform forecasts of the loan portfolio and related debt utilizing a modeling program designed specifically to perform student loan cash flow projections. Staff incorporated the loan revenue forecast in a comprehensive

10-year summary financial forecast. Forecasts developed inform cash flow management, rate setting, financing/bond redemption analysis, investment policy development, budget proposal and strategic planning. Staff will continue to update forecasts to monitor, and inform the management of, a financially sustainable loan program.

- Additionally, Staff are evaluating the cost and functionality of purchasing an internally managed software program, or cloud service, designed to model financial activity including student loan amortization.

Loan Rate Setting – Prepare loan rate setting recommendations in consideration of income projections, cost recovery and rate environment with the goal of ensuring low cost funding for borrowers.

- Staff revised its rate setting analysis process to consider all costs and sources of revenue to propose rates and consider not just current costs, but forecasted financially sustainable net costs to propose rates.
- For program year 2022, in order to offer the most competitive rate to high FICO score borrowers while mitigating loan loss and interest rate risk, Staff developed additional loan rate tiers by term (shorter the term, lower the rate) for refinance loans. In order to serve borrowers with lower FICO scores, Staff also added a rate tier with a proposed rate set to be competitive and cover the additional risk of loss.
- Additionally, as part of our overall focus on default management, Staff has been reviewing existing rate related borrower benefits and developing additional strategies to reduce credit risk such as rate reductions for borrowers with a co-signer.

Loan Financing – Analyze current and planned future loan financing options and timing as part of overall asset liability management, financial forecast and strategic planning process.

- During FY2021, Staff recommended Bond redemption as part of loan financing analysis with the retention of the FFELP portfolio.
- Staff continue to evaluate the benefit to borrowers and the Corporation of retaining the FFELP portfolio. Staff will continue to focus on identifying other financing options as outlined.

Financial Projections

As indicated above, Staff developed a 10-year summary financial forecast over the last year for many management purposes.

Forecast assumptions:

- Loan balance, related income and cash flow projections based on modeled results incorporating current offering rates, and management assumptions about originations, repayment speeds and loan performance.

- Investment balance, related income and cash flow projections based on overall net cash flow and assumed rate of return as outlined by DOR based on revised policy and asset allocation schedule.
- Allowance for loan and interest receivable loss and related provision based on assumptions about changes in loss risk factors.
- Administration expense based on management assumptions of known and estimated expenses including the expected impact of cost reduction strategies.

Forecast Results:

Loan balances and related interest income on loans is projected to continue to decline for all projected periods.

Investment balances and related investment income is projected to increase for all projected periods. The rate of return is projected to increase through FY25 and then projected at the long term rate of return as reflected in the target asset allocation schedule in policy.

Allowance and provision for loan loss is projected to decline gradually for all projected periods, due primarily to the overall decline in loan portfolio balances, but also in response to default mitigation efforts.

Administrative expense is projected to continue to decline through FY25-FY26 as post outsourcing cost savings are fully realized.

Overall forecast results of operation indicate an approximate net loss for FY22/FY23, approximate break even for FY24/FY25 and positive net income after FY25.

Additional Considerations:

The types of factors that would materially impact forecast results include the following:

- Loan originations significantly different than forecast
- Loan repayment speeds significantly different than forecast
- Sale of the FFELP portfolio
- Investment rate of return slightly different than forecast
- Unanticipated changes in administrative costs/operations
- Loan loss performance significantly different than forecast

If you have any questions or wish to discuss this information further, please do not hesitate to contact me at 907-465-6757 or julie.pierce@alaska.gov.



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Alaska Student Loan Corporation

FINANCE OFFICE

P.O. Box 110505
Juneau, Alaska 99811-0505
Phone: 907.465.6740
Toll Free: 800.441.2962
TTY: Dial 711 or 800.770.8973
Fax: 907.465.3293
acpe.alaska.gov

Memorandum

To: Alaska Student Loan Corporation Board Members
 Thru: Sana Efird, Executive Officer
 From: Julie Pierce, Chief Finance Officer and Kerry Thomas, Director of Program Operations
 Date: February 10, 2022
 Re: Recommended Interest Rates for Loans Awarded and Specified Effective Dates

The Corporation sets the interest rate for loans it originates pursuant to the provisions set forth in AS 14.42.215 and 20 AAC 14.050. The interest rates set are fixed rates that, once set, remain in effect for the life of the loan. From time to time as it deems appropriate, but at least annually, the corporation will set loan interest rates and the effective date for those interest rates. The interest rates apply to loans that the corporation originates, consolidates, or refinances starting on the effective date.

Corporation regulations specify that the Corporation establish rates that:

- do not exceed the legal rate applicable in the state for such loans (10%);
- do not exceed the all-inclusive cost, expressed as a rate on fixed rate debt incurred to finance the loans plus a percentage representing operating and servicing costs;
- ensure loans made are of sufficient value to be financed or refinanced; and
- ensure the financial stability of the Corporation's loan programs.

As outlined in the prior year and discussed over the last several years, the continuing decline in the outstanding principal balance of the Corporation's loan portfolio poses a challenge to setting rates. Based on current loan repayment and loan origination projections, the loan portfolio is expected to continue to decline for the foreseeable future unless there are significant increases in loan originations. Although operating costs have declined year over year, to align costs to a level the loan portfolio can support, additional operating cost reductions, reductions in loan losses and increases in investment income will need to be achieved. While plans for cost reduction, loan loss reduction and increase in long-term rate of return on investments plans are being implemented, Staff proposes continuing to set rates that are competitive. In conjunction with increased outreach efforts, setting competitive rates is a key part of Staff's strategy to increase originations and not only stem, but reverse the decline in the loan portfolio balance. The Corporation has sufficient equity to absorb losses to provide the needed time to achieve additional cost and loss reductions, and increase

revenue. The interest rates proposed herein are not projected to cover current and recent year cost of loan operations, however, the proposed rates are forecast to result in financial sustainability within the next 2 – 3 fiscal years, assuming actual activity is consistent with forecast assumptions as outlined in the CFO memo. This is a long-term approach that sets rates at a level that is competitive to the market and is to the benefit of borrowers and the Corporation.

As part of an overall focus on default management, Staff has been reviewing existing, and developing additional, strategies to reduce credit risk. ASLC already reduces credit risk by adopting risk based lending practices by setting loan rates based on FICO score tiers. Additional practices include rate reductions for enrollment in auto-pay and for borrowers making payments while their loan is not in repayment status. Staff will continue to review and develop additional strategies such as rate reductions for borrowers with a co-signer. Staff are mindful of these types of rate reduction strategies in proposing rates.

The Corporation considers the Federal PLUS loan program to be its primary competitor, in addition to other private student loan originators. The interest rate on the PLUS program is reset in early May of each year based on the 10 Year Treasury Note rate. The interest rates being proposed herein are based on the conservative assumption that the PLUS rate will be equal to or higher than the current rate of 6.28%. Additionally, PLUS loans include a 4.23% origination fee that increases the APR of those loans.

Alaska Supplemental Education Loans (ASEL) rates proposed are as follows:

Program (max loan term)	Fixed Rate ASEL (10 years)		
Effective Date	July 1, 2022		
FICO¹ Range	650-679	680-719	720+
Underwriting Criteria	No Adverse Credit	No Adverse Credit	No Adverse Credit
Base Rate	8.50%	6.00%	5.50%
Interest Rate Reduction ²	0.25%	0.25%	0.25%
Lowest Rate	8.25%	5.75%	5.25%

¹ Fair Isaac & Company score (FICO) is the score used to secure the loan and can be either the borrower’s score or the cosigner’s score. In the event both the borrower and the cosigner have qualifying scores, the highest score will be used to determine the loan rate.

² Rate reduction is available to borrowers in repayment, making recurring monthly payments and those not in repayment making at least a \$50 monthly recurring payment per loan.

Other loan program rates proposed are as follows:

Program (max loan term)	Variable Rate ASEL³	Fixed Rate PSEP⁴ (10 years)	Fixed Rate FEL (10 years)
Effective Date	July 1 – June 30	July 1, 2022	July 1, 2022
Underwriting Criteria	No Adverse Credit	No Adverse Credit	No Adverse Credit
Base Rate	TBD TBD ⁵	6.00%	6.00%
Interest Rate Reduction	0.25%	0.25%	0.25%
Lowest Rate	TBD TBD ⁶	5.75%	5.75%

There are no proposed rate changes for ASEL, PSEP and FEL loans compared to rates currently being offered.

Underwriting criteria for ASEL loans was revised to reflect the requirement of no adverse credit for all FICO score tiers. Additional information regarding this staff recommended change is included in the attached “Alaska Loan Underwriting Requirements” memo from Kerry Thomas.

If the Corporation were to set ASEL/PSEP/FEL interest rates at the level necessary to recover current net costs, the weighted average rates would need to increase by approximately 0.00% - 2.00%. Proposed rates are not sufficient to cover current net cost of loan operations, however, proposed rates are forecast, combined with further cost and loss reduction and investment income increase efforts being implemented, to cover net cost of loan operations and result in financial sustainability within the next 2 – 3 fiscal years.

³ No longer originated but rate is reset annually for existing loans. Rate to be set in May 2022.

⁴ Professional Student Exchange Program

⁵ Applicable in-school interest rate.

Refinance Rates proposed are as follows:

Program (max loan term)	Fixed Rate REFI (5 years)			Fixed Rate REFI (10 years)			Fixed Rate REFI (15 years)		
	April 1, 2022			April 1, 2022			April 1, 2022		
FICO Range	FICO 680-719	FICO 720-779	FICO 780+	FICO 680-719	FICO 720-779	FICO 780+	FICO 680-719	FICO 720-779	FICO 780+
Base Rate	5.10%	4.30%	4.05%	5.30%	4.50%	4.25%	5.50%	4.70%	4.45%

Proposed REFI rates are 50bp higher than rates currently being offered for all term and FICO score tiers.

Underwriting criteria for REFI loans was revised to reflect the removal of the requirement of no adverse credit for all FICO score tiers.

If the Corporation were to set interest rates at the level necessary to recover current costs, the weighted average REFI rates would need to increase by approximately 0.00% - 3.00%. Proposed rates are not sufficient to cover current net cost of loan operations, however, proposed rates are forecast, combined with further cost and loss reduction and investment income increase efforts being implemented, to cover net cost of loan operations and result in financial sustainability within the next 2 – 3 fiscal years.

Alaska Education Loan Refinance Program (REFI) rates are historically lower than other Corporation loan program rates. Refi program term distribution is heavily weighted toward 15 years compared to 5 and 10 year terms as refi loans are typically carry a higher balance.

Last year, in order to offer the most competitive rate to high FICO score borrowers while mitigating loan loss and interest rate risk, Staff developed additional rate tiers by term (shorter the term, lower the rate). Staff also added an additional interest rate tier for borrowers with a FICO score between 680 -719. Based on a review of refinance loans originated over the last year, Staff has determined that these refinance program revisions resulted in additional originations and/or retention of loans that would have otherwise refinanced with other lenders.

As previously outlined, considerations associated with these proposed Refi rates are as follows:

- Projected interest rate environment over time, and competitor rates
- Borrowers with higher FICO scores have demonstrably lower default rates;
- Borrowers enter repayment immediately and have very limited options to defer payments;

- Loan servicing is less complicated by design, reducing servicing costs for this program;
- Competitive rates retain premium borrowers who would otherwise refinance elsewhere; and
- Competitive rates build volume by allowing borrowers to refinance loans not originated by the Corporation.
- With board approval, Refi rates can be adjusted at anytime
- Auto-pay utilization is comparatively higher than other loan programs, reducing anticipated loan losses. Staff intends to focus efforts on increasing auto-pay enrollment as part of planned Refi outreach campaign.

In making these interest rate recommendations, Staff has taken into account rates offered by other private loan originators. Staff compiled rate survey results from multiple sources. Survey results indicate average prequalified rates for borrowers with credit scores of 720 or higher as low as 2.99% - 3.82% offered by private student loan originators, including financial institutions. For state agency and/or not-for-profit private student loan originators, refinancing rate ranges are as low as 4.16% - 4.70%, depending on FICO score, co-borrower and repayment term.

Variable Rates: As indicated in the table above, the Corporation also needs to reset the interest rate applicable on ASEL variable rate loans. However, regulations require this rate be based on the bond equivalent rate of the 91-day U.S. Treasury bill auctioned at the final auction held before May 1. A board meeting has been scheduled in May to set these rates.

Staff recommend the fixed interest rates and underwriting criteria for the 2022-2023 academic year loans be set as shown in the tables above.

Requested Motion:

Move approval of the fixed interest rates and underwriting criteria for the 2022-2023 academic year loans be set as shown in the tables above.



Alaska Commission on Postsecondary Education

P.O. Box 110505
Juneau, Alaska 99811-0505

Customer Service Center
Toll Free: (800) 441-2962
In Juneau: (907) 465-2962
TTY: 711 or (800) 770-8973
Fax: (907) 465-5316
acpe.alaska.gov

MEMORANDUM

To: Members, Alaska Student Loan Corporation
Through: Kerry Thomas, Director of Program Operations
 Julie Pierce, Chief Financial Officer
 Sana Efird, Executive Director
From: Jackie Hall, Quality Assurance Officer
Date: January 17, 2022
Subject: Alaska Loan Underwriting Requirements

Pursuant to AS 14.42.030, the Alaska Commission on Postsecondary (ACPE) Education shall ensure compliance with the requirements imposed by state and federal statutes and regulations governing the guaranty, insurance, purchase, or other dealings in eligible loans by federal agencies, instrumentalities, or corporations.

In May 2021, ACPE entered into a contract with CampusDoor Holdings, Inc. to outsource the loan originations of ACPE's state education loans. The outsourcing project has been underway for several months and is on track to go-live April 1, 2022.

Throughout the project, ACPE and CampusDoor have been working to integrate ACPE's unique programs with the CampusDoor system, in compliance with Alaska law. When developing the tiered interest rate structure and underwriting requirements for the Alaska Supplemental Education Loan and Alaska Education Loan Refinancing Program, staff identified two issues; 1) a compliance discrepancy with the underwriting requirements for the Alaska Supplemental Education Loan and 2) a system limitation impacting the underwriting requirements for the Alaska Education Loan Refinancing Program.

Alaska Supplemental Education Loan Program

The interest rates and underwriting requirements approved for the 2021/2022 Alaska Supplemental Education Loan Program provides tiered interest rates based on the applicant's FICO credit score. Additionally, applicants with a FICO credit score of 650-679, must also have an absence of adverse credit to qualify.

Program (max loan term)	Fixed Rate ASEL (10 years)		
Effective Date	July 1, 2021		
FICO¹ Range	650-679²	680-719	720+
Base Rate	8.50%	6.00%	5.50%
Interest Rate Reduction³	0.25%	0.25%	0.25%
Lowest Rate	8.25%	5.75%	5.25%

In accordance with Alaska statute and regulations AS 14.43.172, 20 AAC 15.705 and 20 AAC 15.940, a borrower and cosigner (if applicable) of an Alaska Supplemental Education Loan must meet the eligibility requirements, which include having a credit history that demonstrates good credit. ACPE determines loan eligibility by assessing the applicant's credit history and prior loan default, as outlined below. Applicants with a FICO credit score of 680 or higher will pass regardless of any derogatory events in their credit history.

1. FICO credit score - Must be equal to or higher than the FICO score set by the corporation;
2. Adverse credit history – Review prior two years of the applicant’s credit history for derogatory events; and
3. Prior defaults - Review prior five years of the applicant’s credit history for prior loan defaults.

Alaska statute and regulations treat default status, as shown through any of the occurrences in 20 AAC 15.940(f) (1)-(4), separately from credit history. For this reason, ACPE must check for default regardless of an applicant's FICO score and credit history. Based on this information, ACPE must conduct all three assessments to determine eligibility for the Alaska Supplemental Education Loan program.

Staff recommend a change to the underwriting requirements approved by the corporation March 11, 2021, which state the borrower and cosigner must have an absence of adverse credit if their FICO credit score is 650-679. In accordance with statutes and regulations, staff recommended that the derogatory credit requirements and review for prior loan defaults be applied to all FICO credit tiers applicable to the Alaska Supplemental Education Loan.

Alaska Education Loan Refinancing Program

The Alaska Student Loan Corporation may offer a borrower who has received more than one education loan the option of consolidating the multiple loans into a single loan, provided the borrower meet the eligibility requirements established.

¹ Fair Isaac & Company score (FICO) is the score used to secure the loan and can be either the borrower’s score or the cosigner’s score. In the event both the borrower and the cosigner have qualifying scores, the highest score will be used to determine the loan rate.

² Borrower or cosigner must also have an absence of adverse credit in order to qualify for loan.

³ Rate reduction is available to borrowers making recurring \$50 monthly payments on loans not in repayment, deferment or forbearance or borrowers making recurring payments on loans current on their repayment schedule.

In accordance with Alaska statute and regulations AS 14.43.122 and 20 AAC 14.225, a borrower or cosigner (if applicable) of an Alaska Refinancing Loan must meet the eligibility requirements, which includes having a credit history that demonstrates good credit. Alaska regulations specifies the applicant must have a FICO credit score equal to or higher than the FICO score set by the corporation or providing documentation that the commission determines documents a history of an ability to repay the loan. The commission may require additional documentation as needed to determine the applicant's eligibility and to document ability to repay the obligation.

The interest rates and underwriting requirements approved for the 2021/2022 Alaska Education Loan Refinancing Program provides tiered interest rates based on the applicant's FICO credit score and the loan term selected. Additionally, applicants with a FICO credit score of 680-719, must also have an absence of adverse credit to qualify. Based on this requirement, ACPE uses the same credit assessment validations as the Alaska Supplemental Education Loan.

ACPE determines loan eligibility by assessing the applicant's credit history as outlined below. Applicants with a FICO credit score of 720 or higher will pass regardless of any derogatory events in their credit history.

1. FICO credit score - Must be equal to or higher than the FICO score set by the corporation;
2. Adverse credit history – Review prior two years of the applicant's credit history for derogatory events; and
3. Prior defaults - Review prior five years of the applicant's credit history for prior loan defaults.

Program (max loan term)	Fixed Rate REFI (5 years)			Fixed Rate REFI (10 years)			Fixed Rate REFI (15 years)		
	Effective Date	May 1, 2021 (or as soon as administratively feasible after May 1, 2021)			May 1, 2021 (or as soon as administratively feasible after May 1, 2021)			May 1, 2021 (or as soon as administratively feasible after May 1, 2021)	
Underwriting Criteria	FICO 680-719 ⁴	FICO 720-779	FICO 780+	FICO 680-719 ⁵	FICO 720-779	FICO 780+	FICO 680-719 ⁶	FICO 720-779	FICO 780+
Base Rate	4.60%	3.80%	3.55%	4.80%	4.00%	3.75%	5.00%	4.20%	3.95%

Additionally, CampuDoor's origination platform and online application portal cannot support a tiered interest rate structure when one or more pricing tiers has unique validation requirements. All pricing tiers must include the same underwriting requirements.

Staff recommend a change to the underwriting requirements approved by the corporation March 11, 2021, which state the borrower and cosigner must have an absence of adverse credit if their FICO credit score is 680-719. Alaska regulations do not require an absence of adverse credit to qualify for the Alaska Education Refinancing Loan and staff recommend the derogatory credit requirement be removed from the underwriting requirements.

⁴ Borrower or cosigner must also have an absence of adverse credit in order to qualify for loan.

⁵ Borrower or cosigner must also have an absence of adverse credit in order to qualify for loan.

⁶ Borrower or cosigner must also have an absence of adverse credit in order to qualify for loan.



Alaska Commission on Postsecondary Education

P.O. Box 110505
Juneau, Alaska 99811-0505

Customer Service Center
Toll Free: (800) 441-2962
In Juneau: (907) 465-2962
TDD: (907) 465-3143
Fax: (907) 465-5316
acpe.alaska.gov

MEMORANDUM

TO: Board Members, Alaska Student Loan Corporation
FROM: Sana Efird, Executive Director
DATE: February 1, 2022
SUBJECT: Executive Officer Report

During this quarter, the Executive Director's Office has worked with staff on our two large and very detailed outsourcing projects; advocated for the reinstatement of and finding a permanent solution for the Higher Education Investment Fund (HEIF); worked with the Governor's Office to include valid FY2023 funding for the Alaska Performance Scholarship (APS), the Alaska Education Grant (AEG), and the WWAMI contract agreement; prepared for the upcoming legislative session; and attended numerous meetings with staff, partners, and stakeholders.

Budget Update:

Governor Dunleavy released his FY2023 Proposed Budget on December 15, 2021. The Alaska Commission on Postsecondary Education (ACPE) budget includes:

- A decrement of \$142.0 to reflect a reduction in personal services associated with the deletion of 4 additional vacant PCNs;
 - Full-time Accountant/Payment Processing Supervisor, range 16, located in Juneau
 - Full-time Financial Aid Specialist, range 14, located in Juneau
 - Full-time Financial Aid Specialist, range 14, located in Juneau
 - Full-time Customer Service Specialist, range 13, located in Juneau
- One increment request in the amount of \$36.9 to cover a routine annual increase in the cost of the state's WWAMI contract with the University of Washington;
- A budget structure change to move funds for the Alaska Education Grant program from the Program Administration and Operations Results Delivery Unit (RDU) to a new State Financial Aid RDU reflecting two components for the Alaska Performance Scholarship (APS) and the Alaska Education Grant (AEG). This structural change will provide additional transparency for the pass through state financial aid programs;
- Technical adjustments for PERS increases;
- The APS, AEG, and WWAMI programs' funding source was switched from the HEIF to Unrestricted General Funds (UGF) since the HEIF was swept into the Constitutional Budget Reserve (CBR) and a reverse sweep did not occur. Consequently, there are currently no funds designated for HEIF moving forward.

- A UGF increment of \$1,647.5 to fund an additional ten WWAMI students, increasing the program from 20 to 30 students per year.

I am also pleased to share that Governor Dunleavy, with the support of Commissioner Johnson, has approved two ARPA requests for ACPE for the current FY2022 budget:

- \$75,000 for FAFSA Completion Initiatives
- \$40,000 for AKCIS Alaska localization upgrade project

Senior Managers continue to meet consistently to review and revise our current operating budget to ensure oversight and control of expenditures to meet projections.

Legislative Planning:

Of utmost importance during the second session of the 32nd Alaska Legislature is passage of ACPE's legislation that was introduced during last session as HB 114 and SB 94 - *An Act relating to the education loan program and Alaska supplemental education loan program; and providing for an effective date.* (See attached ACPE Legislation Talking Points document.)

Additionally, ACPE will be monitoring and advocating for resolution of the Higher Education Investment Fund. This issue is critically important to having a sustainable and predictable funding source for State financial aid programs.

Outsourcing Projects Update:

Staff continue to be immersed in the loan servicing and loan origination outsourcing projects. As shared in the November Corporation meeting, management determined an extension of the timelines was necessary to ensure the best outcomes for the project and to relieve pressure on staff. Alaska's unique loan program requirements have resulted in many unanticipated challenges, which have been a major factor in both the decision to extend and the high magnitude of effort needed on the project. The cutover date for loan originations to CampusDoor has been moved to April 1, 2022, while the conversion to American Education Services (AES) for loan servicing will be October 1, 2022. (See attached timeline.)

Human Resources Update:

Executive Secretary Kordel Thompson has transferred to a Financial Aid Specialist position in the Program Operations division as of December 13th. Dannielle Erickson will be joining ACPE on February 16 as the new Executive Secretary. Danni comes with multiple years of experience in the Constituent Relations Office of the Governor.

At present ACPE has 47 positions filled: 11 in Anchorage, 36 in Juneau. The breakdown of those positions by divisions is as follows: ISS-11, Finance-13, Program Operations-16, Postsecondary Planning Activities - Outreach-6, and Executive Office-1.

Attachments:

1. ACPE Legislation Talking Points
2. Outsourcing Timeline

ACPE Legislation Talking Points

HB 114 and SB 94 – Educational & Supplemental Loan Programs

An Act relating to the education loan program and Alaska supplemental education loan program; and providing for an effective date.

Background: Federal loans no longer meet Alaska students' full financial needs and those loans are not always less expensive than Alaska loans. Alaska's state loan programs fill this financial gap with low-cost, high-quality loans, providing students a path forward to degree completion and credential attainment.

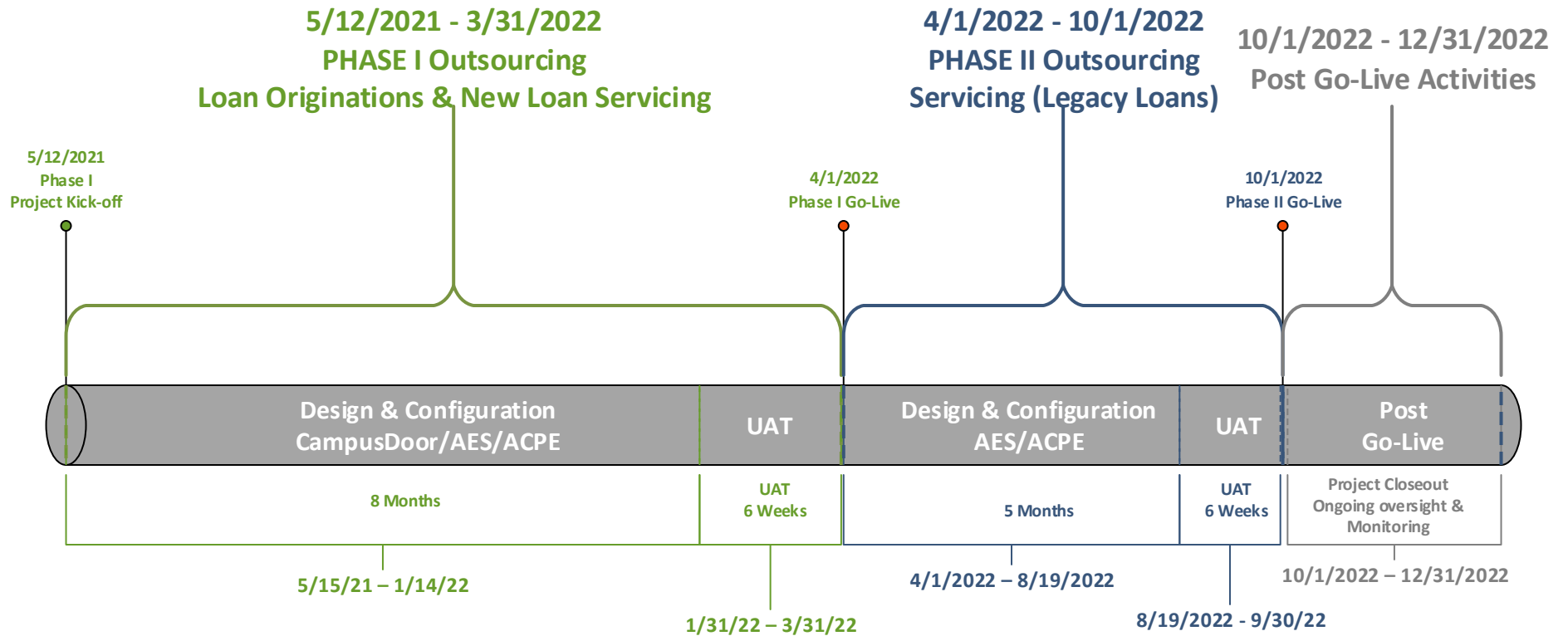
Current Loan Programs: This legislation addresses multiple components of ACPE's current loan programs:

- **Loan Maximums**
 - Current loan limits, set in statute, do not fill the unmet financial need of Alaskan students.
 - Students to borrow from a lender with higher rates and higher maximums so as to avoid having multiple loans with multiple lenders
- **Loan Eligibility**
 - The Alaska Refinance Education Loan is a highly competitive loan product allowing Alaska residents to consolidate multiple Alaska Education loans and/or loans from other lenders into one low interest rate loan
 - In statute only Alaska residents are eligible for this program
- **Loan Repayment**
 - Repayment conditions are also critically important to the debt incurred over the lifetime of a loan.
 - Immediate repayment options are a financial benefit to borrowers and are linked to lower default rates compared to programs with deferred repayment options.

Proposed Statute Changes:

- **Loan Maximums**
 - Eliminates annual and lifetime loan maximums
 - Alaska Student Loan Corporation to set annual and lifetime loan maximums,
 - Allows for responsiveness to the needs of Alaska students and higher education institutions
- **Loan Eligibility**
 - Expands eligible population to include:
 - Previous Alaska borrowers
 - Graduates from Alaska high schools and postsecondary institutions
 - Current Alaska residents.
- **Loan Repayment**
 - Offer future student loans with immediate repayment requirements
 - Reduce costs for student borrowers because interest would not be deferred and capitalized
 - New student borrowers could choose to apply for to lower costs and would not impact current borrowers
- This bill has a zero fiscal note. All costs and savings would be operating expenditure related. The anticipated increase in loan origination volume would positively affect ASLC's operating economies of scale.

State Loan Outsourcing May 2021 – December 2022



- * CampusDoor – Loan Origination Vendor
- * American Education Services (AES) – Loan Servicing Vendor
- * UAT - User Acceptance Testing

2020

Alaska Commission on Postsecondary Education Acronyms

STEPHANIE BUTLER

Updated 03-2020

ACRONYMS AND TERMS FOR ALASKA COMMISSION ON POSTSECONDARY EDUCATION (ACPE)

65 by 2025	Initiative of the Alaska Postsecondary Access & Completion Network, funded by a Lumina grant, to increase the percentage of working-age Alaskans who will have a postsecondary credential to 65% by the year 2025.
Accreditation	Accreditation is a peer review process that examines competency, authority, or credibility of a higher education institution. Alaska requires that colleges and universities operating in the state be accredited by a body recognized by the Secretary of Education. The goal of accreditation is to ensure that education provided by institutions of higher education meets acceptable levels of quality and that credits are transferrable.
Alaska Education and Workforce Outcomes Database (Outcomes)	Statewide Longitudinal Data System (SLDS) developed to manage, analyze and evaluate outcomes of educational programs and services. Outcomes is a partnership between the University of Alaska, Alaska Department of Education & Early Development, Alaska Department of Labor & Workforce Development and ACPE. Outcomes replaces the ANSWERS system.
American Education Services (AES)	American Education Services. (AES) is a Federal Family Education Loan Program (FFELP) and private (alternative) student loan national servicer, owned by the Pennsylvania Higher Education Assistance Agency (PHEAA). AES services ACPE's legacy FFELP portfolio.
Alaska Career Information System (AKCIS)	AKCIS is a web-based statewide service offered by ACPE to provide comprehensive, interactive and user-friendly career and postsecondary education/training information to help youth and adult users explore and plan for careers, with emphasis on careers within Alaska. AKCIS is offered in all 54 school districts.
Alaska College and Career Advising Corps (ACAC)	Designed under a federal College Access Challenge Grant (CACG), ACAC provides training and information resources to partners and volunteers across the state who are committed to developing a postsecondary education culture and helping Alaska's students access and benefit from postsecondary education and career training. The program includes mentoring through the FAFSA Time Alaska, Apply Now Alaska and Decision Day Alaska programs
AlaskAdvantage	The trademarked name of a now-discontinued suite of ACPE education loan programs and services that offered benefits or outreach to Alaskans and to the organizations that serve Alaska's students. This program ended when the Department of Education

	discontinued the Federal Family Education Loan Program (FFELP).
Alaska Education Grant (AEG)	A state need-based grant ranging from \$500 to \$2,000 per academic year for qualifying Alaska residents attending participating Alaska postsecondary institution. AEG awards are funded by the Alaska Higher Education Investment Fund (HEIF), and operating costs are absorbed by ACPE.
Alaska Navigator: Statewide Workforce and Education-Related Statistics (ANSWERS)	ANSWERS is the State of Alaska's P-20W Statewide Longitudinal Data System. ANSWERS was developed to link existing Alaska K-12, higher education and employment data to deliver critical information to Alaska's policymakers, educators, and general public about the state's education continuum. In 2012, the state received a \$4 million federal grant over 3 years to develop the system. The system has been rebranded and is now known as the Alaska Education and Workforce Outcomes Database (Outcomes)
Alaska Performance Scholarship (APS)	Alaska's state performance-based scholarship to incent Alaska's students, parents and educators to strive for excellence in education. Awards may be used at participating colleges, universities or approved career and technical education programs in Alaska.
Alaska Postsecondary Access and Completion Network (Alaska CAN or The Network)	The Network, is a non-profit organization originally created by ACPE under a federal College Access Challenge Grant (CACG). The Network focuses on increasing postsecondary access and success in Alaska and promulgated the state's 65 by 2025 attainment goal. Board members represent secondary and postsecondary education, business, rural and urban areas, and community nonprofits. It establishes a network for members to share best practices, tools and resources relating to college access and success.
Alaska Presence Benefit	A legacy annual credit to qualifying borrowers' loan principal balances to reduce their costs. Borrowers qualify while living in Alaska. The ASLC Board approves the offering of benefits annually based on cash flows and costs estimates. This benefit is not offered on new loans.
Alaska Student Aid Portal (ASAP)	ACPE web portal to provide students with secure access to real-time grant and scholarship account information regarding their eligibility, award level, remaining terms available, remaining years in which to use available terms, and ability to change record of school of attendance.
Alaska Student Loan Corporation (ASLC)	The state corporation that funds the student loan programs and ACPE's operating budget. Created in 1987 to provide a means of alternative financing in the form of tax-exempt bonds. ASLC is governed by a board of directors appointed by the governor (two

	from ACPE and the Commissioners of Revenue, Administration and Community & Economic Development).
Alaska Supplemental Education Loan (ASEL)	Alaska’s state education loan program to provide supplemental financial assistance if the federal loan program is insufficient to cover the costs of attendance or if the borrower does not qualify for financial aid under the federal student loan program.
Annual Percentage Rate (APR)	The Annual Percentage Rate (APR) is the yearly cost of borrowing a loan, shown as a percentage of the amount borrowed. Because APR is calculated the same way on different loans from different lenders, the APR also allows applicants to compare loans with different terms and conditions.
Apply Now Alaska	An initiative coordinated statewide by ACPE and based on the American College Application Campaign model, to assist first-generation and low-income high school students as they navigate the complexities of the admissions process to postsecondary institutions. The event season runs from November to February.
Ascendium Education Group (AEG)	ACPE’s federal loan guarantor, located in Madison, Wisconsin. Formerly known as Great Lakes Higher Education Guarantee Corporation.
Award Letter	An official document issued by a school's financial aid office that lists the financial aid offered to the student through the school. It provides details of a borrower’s financial need and the breakdown of the financial aid package according to amount, source and type of aid. The award letter (also called a Financial Aid Notification/FAN) includes the terms and conditions for the financial aid and cost of attendance.
Administrative Wage Garnishment (AWG)	State statutes and regulations provide ACPE the authority to garnish wages of a borrower who has defaulted on their state loan, without the need for a court order. Limitations are structured in state and federal law.
Award Year	The academic year for which financial aid is requested (or received).
A.W. “Winn” Brindle Education Loan (WB)	This program, which is no longer funded, was funded by private donations and offered forgivable loans to full-time students in a fisheries-related degree or certificate program.
Borrower Benefits	Interest rate reductions and account credits that reduce the overall cost of borrowing. ASLC benefits are variable and are evaluated and approved annually based on cash flows and costs estimates.

Campus-Based Aid	Financial aid programs administered by the student’s school. The federal government provides the school with a fixed annual allocation, which is awarded by the financial aid administrator to qualifying students. Programs include the Perkins Loan, Supplemental Education Opportunity Grant, and Federal Work-Study. Note that there is no guarantee that every eligible student will receive financial aid through these programs because the awards are made from a fixed pool of money.
Capitalized Interest	Unpaid interest charges added to the principal balance of an educational loan thereby increasing the size of the loan. Interest is then charged on the new balance, including both the unpaid principal and the accrued interest. Capitalizing the interest increases the monthly payment and the amount of money ultimately repaid. Interest is generally capitalized when there is a change in the status of the loan at a time when there is unpaid interest outstanding, such as going from deferment to repayment status. Borrowers can significantly reduce their costs by paying interest each month, even if a payment is not due.
Clearinghouse (or National Student Clearinghouse (NSC))	A non-profit association that maintains a comprehensive electronic registry of postsecondary student records provided by the participating schools. Over 2,700 colleges, 91% of the nation’s enrollment, participate. The Clearinghouse process identifies those borrowers who withdraw from school and need to begin repayment; transfer from one school to another; return to school and may be eligible for a deferment; continue in school and are eligible for deferment or in-school extension.
Cohort Default Rate (CDR)	<p data-bbox="574 1381 1414 1703">A measurement of loan cohort performance that identifies the percent of the cohort that is in default at a given time. Cohorts may include schools, states, or calendar groups. Alaska loan cohort rates are calculated annually based on loans entering repayment between January 1 and December 31 of the cohort year, which are greater than six months (180 days) past due at the end of the first 12 months of repayment and have not previously defaulted. These calculations differ from the federal cohort default rate calculations.</p> <p data-bbox="574 1728 1414 1902">The US Department of Education cohort default rate is calculated as the percentage of borrowers who entered repayment on Federal Family Education Loan (FFEL) Program or William D. Ford Federal Direct Loan (Direct Loan) Program loans between Oct. 1st and Sept. 30th of a given year and subsequently defaulted prior</p>

	to Sept. 30 th two years later (for example, the 2016 CDR is calculated on student loans entering repayment between Oct 1, 2015 and Sept 30, 2016 and subsequently default prior to Sept 30, 2018).
College Access Challenge Grant (CACG)	A federal grant program to foster partnerships among federal, state, and local governments and philanthropic organizations through matching challenge grants aimed at increasing the number of low-income students who are prepared to enter and succeed in postsecondary education.
Consolidation Loan	A loan that combines several student loans into one bigger loan from a single lender. The consolidation loan pays off the balances on the other loans. ACPE no longer offers a consolidation loan; however, federal consolidation loans are still available.
Cosigner	A cosigner is responsible for loan repayment if the borrower fails to repay it. Borrowers who do not meet ACPE's credit requirements must provide a cosigner who meets those requirements. Also called an endorser.
Cost Of Attendance (COA)	Also known as the cost of education or budget. The total cost for the student to attend school, including tuition and fees, room and board, allowances for books and supplies, transportation, and personal and incidental expenses. Loan fees, if applicable, may also be included in the COA. Childcare and expenses for disabilities may also be included. Schools establish standard budgets for students: living on-campus and off-campus, married and unmarried, and residents and nonresidents.
Credit Rating or Credit Score	Credit ratings or scores are calculated by credit bureaus based on an individual's past debt and repayment history. Credit bureaus and credit reporting agencies provide this information to banks and businesses to determine if an applicant meets the applicable underwriting standard to qualify for a loan. Credit scores generally range from 300 to 850, with the 2019 Alaska average score being 675.
Credit Reporting	ACPE reports the current status of all accounts to national credit bureaus monthly, which impacts the borrower's credit rating. Accounts that are 60 or more days delinquent are reported past due.
Dear Colleague Letter (DCL)	An official communication to schools and lenders that explains and clarifies the federal Department's guidance regarding federal regulations and statutes. Also known as a Dear Partner Letter.
Decision Day Alaska	An initiative, derived from the national College Decision Day, to recognize high school seniors for their postsecondary educational plans and encourage younger students and families to prepare

	early for postsecondary education. The event season runs from May to June.
Default	Failure to make monthly payments on the loan as agreed, or failure to abide by terms and conditions of a loan promissory note (PN). ACPE borrowers who default may be subject to wage and PFD garnishment and transferred to a collection agency, among other consequences.
Default Rate	The general definition of default rate is the measure as a percentage of borrowers who failed to make scheduled payments in a specified date range. See also Cohort Default Rate CDR.
Deferment	A period of time during which a borrower is allowed to postpone repaying the loan. With the exception of federal subsidized loans, interest continues to accrue during deferment periods. A borrower can postpone paying the interest charges by capitalizing the interest, which increases the size of the loan. Most loan programs allow students to defer their loans while they are in school at least half-time. A borrower who defaults on a loan loses eligibility for a deferment on that loan.
Dependent	For purposes of completing the FAFSA, a dependent student is generally one who is unmarried and under 24 years old. Federal need-based aid to dependent students is awarded based on their parents' income.
Direct Loans (DL)	<p>The William D. Ford Federal Direct Loan Program (AKA the Direct Loan Program) is a federal program through which the federal government makes student loans. Loans may be subsidized for students considered high need under the FAFSA formula, meaning that the loans have very low rates and the federal government pays the interest during the in-school period and during certain other deferments.</p> <p>Generally, ACPE's interest rates are the next lowest option for Alaska students, after subsidized loans.</p>
Direct Payment (ACH)	Automatic electronic debit from borrower's bank account each month for loan repayment. Borrowers making direct payment at ACPE receive a 0.25% interest rate reduction. The benefit is reviewed annually by the ASLC Board.
Disclosure	A written statement of the repayment terms of the loan sent to the borrower at the time the loan is scheduled for repayment. It identifies the principal balance, the estimated interest to be paid over the life of the loan, annual interest rate, annual percentage rate, the number of payments to be made and the monthly payment amount. A new disclosure is sent to the borrower if the repayment schedule changes, for example if the student receives a deferment. A disclosure may also be called a truth-in-lending statement or a statement of loan terms.

Due Diligence	The process of exercising a servicer's responsibility for collecting on a loan.
(ED) U.S. Department of Education	An acronym sometimes used for the Department of Education. Executive Branch of the federal government that establishes policy for, administers, and coordinates most federal assistance to education.
Electronic Signature (E-SIGN)	An electronic symbol or process attached to, or logically associated with, a record and used by a person with the intent to sign the document or record. Established under the Electronic Signatures in Global and National Commerce Act on 6/8/2000.
Education Finance Council	The Education Finance Council is an association representing the nation's nonprofit and state-based student loan and finance organizations. These public purpose organizations are dedicated to the single purpose of making college more affordable.
Education Loan Management Resources (ELM)	Education Loan Management Resources created a uniform data exchange network for student loan processing. This technology platform allows lenders to exchange critical loan data with schools efficiently.
Expected Family Contribution (EFC)	The amount the family is expected to contribute to paying for a student's education, as determined by the FAFSA Federal Methodology. The EFC includes parent and student contributions, and varies according to the student's dependency status, family size, number of family members in school, taxable and nontaxable income and assets. The difference between the student's costs and the EFC is the student's financial need, and is used in determining the student's eligibility for need-based financial aid.
Fair and Accurate Credit Transactions Act 2003 (FACTA)	Federal act allowing consumers to obtain each year, free of charge, a personal credit history report, requiring that merchants omit from sales receipts all but the last five digits of a customer's credit card number, and requiring that procedures for government oversight and financial institution notification of ID theft and fraud be implemented. Amended the Fair Credit Reporting Act (FCRA).
Fair Credit Reporting Act (FCRA)	The Fair Credit Reporting Act, 15 U.S.C. § 1681, is U.S. federal law enacted to promote the accuracy, fairness, and privacy of consumer information contained in the files of consumer reporting agencies.
Fair Debt Collection Practices Act (FDCPA)	The Fair Debt Collection Practices Act, Pub. L. 95-109; 91 Stat. 874, codified as 15 U.S.C. § 1692 –1692p, designed to eliminate abusive practices in the collection of consumer debts, to promote fair debt collection, and to provide consumers with an avenue for

	disputing and obtaining validation of debt information in order to ensure the information's accuracy
Fair Isaac Credit Score (FICO)	A statistical model developed by the Fair Isaac Corporation, which is used by credit bureaus, and banking institutions to calculate and determine an individual's credit score.
Family Education Loan (FEL)	ACPE's FEL program provides low interest loans to families to assist in paying the costs of education for family members. Borrowers may be parents, grandparents, foster parents, or spouses.
Federal Family Education Loan Program (FFELP)	FFELP was terminated in 2009. Through FFELP, ACPE offered federally-guaranteed low-cost loans to students and parents. FFELP loans included Stafford, PLUS, Consolidated, all of which are now offered directly by the federal government.
Federal Methodology	The need analysis formula used on the FAFSA to determine the EFC. The federal methodology takes family size, the number of family members in college, taxable and nontaxable income and assets into account.
Federal Work-Study (FWS)	Program providing undergraduate and graduate students with part-time employment, usually at the school of attendance, during the school year. The federal government pays a portion of the student's salary, making it cheaper for departments and businesses to hire the student. For this reason, work-study students often find it easier to get a part-time job. Eligibility for FWS is based on need. Money earned from a FWS job is not counted as income for the subsequent year's need analysis process.
Finance Charge	The estimated amount of interest that will be paid over the life of the loan.
Financial Aid	Money provided to the student and the family to help them pay for the student's education. Major forms of financial aid include gift aid (grants and scholarships) and self-help aid (loans and work).
Financial Aid Administrator (FAA)	A staff member at an eligible school who is charged with the administration of financial aid programs.
Financial Aid Counseling	Students with federal loans are required to meet with a financial aid administrator or participate in a distance education-counseling program before they receive their first loan disbursement and again before they graduate or otherwise leave school. During these counseling sessions, called entrance and exit interviews, the FAA reviews the repayment terms of the loan and the repayment schedule with the student.

Financial Aid Office (FAO)	The college or university office that is responsible for the determination of student financial need and the awarding of financial aid.
Financial Aid Package	The complete collection of grants, scholarships, loans, and work-study employment from all sources (federal, state, institutional and private) offered to a student to enable them to attend the college or university.
Financial Literacy	The ability to understand and effectively apply various financial skills, including personal financial management, budgeting, and investing. Financial literacy helps individuals become self-sufficient so they can achieve financial stability. ACPE incorporates financial literacy education into the loan application process.
Forbearance	During a forbearance period, the lender allows the borrower to temporarily postpone repaying the principal, but the interest charges continue to accrue, even on subsidized loans. Forbearances are granted at the lender's discretion, usually in cases of extreme financial hardship or other unusual circumstances when the borrower does not qualify for a deferment. Typically, accrued interest is capitalized.
Free Application For Federal Student Aid (FAFSA)	Form used to apply for a broad category of federal and state student aid programs. No fee is charged.
FAFSA Time Alaska	FAFSA Time Alaska provides FAFSA-specific resources and training to site coordinators volunteering to host FAFSA completion events around the state. The event season runs from October to April. (Previously known as College Goal Alaska)
Federal Student Aid (FSA)	Aid offered to postsecondary education students by the federal government in the form of grants, loans, work-study programs, and other forms of assistance.
Generally Accepted Accounting Principles (GAAP)	A widely accepted set of rules, conventions, standards, and procedures for reporting financial information, as established by the Financial Accounting Standards Board.
Gift Aid	Financial aid, such as grants and scholarships, which does not need to be repaid.
Grace Period	The time that begins when a borrower leaves school (whether because of graduation or withdrawal) or drops below the required enrollment level, and ends the day before the repayment period starts. The length of the grace period is stipulated in the promissory note that the borrower signed. Payments are not due during the grace period.

Graduate PLUS Loan	A federal loan made to a graduate or professional student, defined as a student enrolled in a program or course above the baccalaureate level or enrolled in a program leading to a professional degree at an eligible school.
Graduated Repayment	A repayment schedule where monthly payments are smaller at the start of the repayment period and gradually become larger.
Grant	A type of financial aid based on financial need that the student does not have to repay.
Great Lakes Higher Education Guaranty Corporation (Great Lakes)	ACPE's former federal loan guarantor from 2018 through early 2019 when it transitioned to Ascendium Education Group AEG as part of corporate restructuring.
Guaranty Agency or Guarantor	A state or private nonprofit organization that has an agreement with the U.S. Secretary of Education to administer a loan guarantee program under the Higher Education Act, and enforces federal and state law regarding student loans. It is responsible for overseeing the student loan process, and insures them against default for the lender.
Health Education Assistance Loan (HEAL)	A low interest loan administered by the US Department of Health and Human Services (HHS). It is available to medical school students pursuing medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, clinical psychology, health administration and public health. Undergraduate pharmacology students are also eligible.
Higher Ed Loan Mgt System (HELMS)	Loan servicing software used by ACPE since 1996.
Higher Education Investment Fund (HEIF)	Fund established in statute for the purpose of making grants and scholarships. This fund was established to endow the Alaska Performance Scholarship (APS) and the Alaska Education Grant (AEG).
Income-Based Repayment (IBR)	IBR is a federal loan repayment option with payment caps based on income and family size. After 25 years of qualifying payments and/or economic hardship deferments, the US Department of Education repays the outstanding balance and accrued interest on eligible loans. IBR is available for all federal student loans, except parent PLUS loans.
Income-Sensitive Repayment	A repayment plan for federal loan programs available to borrowers whose standard monthly loan payment (10-year repayment term) exceeds a percentage of their discretionary income. The monthly payment amount is based on a percentage of gross monthly income, and must at least satisfy monthly

	interest accrual. The plan is designed for borrowers who have a low initial income but anticipate it to increase over time.
Independent	A student is considered independent for purposes of not including parent income on the FAFSA if the student is at least 24 years old as of January 1 of the academic year, is married, is a graduate or professional student, has a legal dependent other than a spouse, is a veteran of the US Armed Forces, or is an orphan or ward of the court (or was a ward of the court until age 18), homeless or at risk of being homeless. A parent refusing to provide support for their child's education is not sufficient for the child to be declared independent.
Institutional Authorization	All postsecondary educational providers in Alaska, and the programs they offer, must be authorized in accordance with law as set forth in AS 14.48, or be formally determined by ACPE to be exempt from authorization. ACPE's authorization process is designed to ensure postsecondary education providers and programs meet minimum standards set out in law, relative to: <ul style="list-style-type: none"> • Institutional financial soundness • Ethical business practices • Educational program • Administrative capacity <p>Authorization is a separate process from accreditation.</p>
Institutional Student Information Report (ISIR)	The electronic version of the Student Aid Report (SAR) delivered to schools. It is sent by the US Department of Education to provide information about students who completed a FAFSA and indicated they might attend that school. This report includes the EFC and is used by the school to determine eligibility for financial aid.
Interest	Amount charged to the borrower for the benefit of using the lender's money. Interest is usually calculated as a percentage of the principal balance of the loan. The percentage rate may be fixed for the life of the loan, or it may be variable, depending on the terms of the loan.
Interest Cap	The maximum interest rate that can be charged on a loan. Not to be confused with capitalized interest.
Institutional Standards & Evaluation Committee (ISEC)	Five commissioners appointed by the Chair to meet at the call of the Chair to consider matters of initial authorization, program changes, and institutional compliance, and make recommendations for final action to the full Commission.
Lender's Interest and Special Allowance	An accounting mechanism that a lender uses to report to the Department the loans that it has made and to request from the

Request and Report (LaRS)	Department interest benefits and special allowance that it has earned, or to report payments the lender owes to the Department.
Lumina Foundation	An independent private philanthropic foundation focused on increasing success in higher education.
Master Promissory Note (MPN)	A promissory note that authorizes the lender to disburse multiple loans during multi-year terms upon request and the school's certification of loan eligibility.
Medical Cancellation	In the event the borrower is permanently disabled, and therefore unable to be gainfully employed, a loan may be eligible for medical cancellation. Cancellation eligibility is, in part, determined by the loan contract the borrower signed. Alaska statute does not entitle a borrower to medical cancellation; therefore, contract law and Alaska Education Loan Regulations govern this process.
Missouri Higher Education Loan Authority (MOHELA)	Missouri Higher Education Loan Authority is one of several Direct Loan Servicers in the country. The ASLC is a signatory sub-contractor of MOHELA for federal Direct Loan Servicing. MOHELA services Direct Loans allocated to the ASLC, and the ASLC receives a share of the servicing fees paid by the US Department of Education.
National Center for Higher Education Management Systems (NCHEMS)	A private nonprofit organization whose expertise is assisting higher education policymakers and administrators bridge the gap between research and practice.
National College Access Network (NCAN)	National non-profit organization that assists local communities initiate, develop and sustain college access programs designed to increase the number of students who pursue education beyond high school through advising and financial assistance.
National Council of Higher Education Resources (NCHER)	An organization which represents a nationwide network of guaranty agencies, secondary markets, lenders, loan servicers, collection agencies, schools, and other organizations involved in the administration of FFEL portfolios.
National Disbursement Network (NDN)	A central disbursing agent affiliated with Education Loan Management Resources (ELM) that ACPE uses to disburse loan funds to schools that request this method of receiving disbursements. NDN electronically debits an ACPE account and disburses the funds to the school either by electronic fund transfer or by check, depending on the school's preference.
National Student Loan Data System (NSLDS)	The U.S. Department of Education's central database for information about a student's financial aid.

Need Analysis	The process for determining a student's financial need using financial information provided by the student and his or her parents (and spouse, if any) on the FAFSA.
Need-Based	Financial aid based on student's ability to pay. Most government sources of financial aid are need-based.
Northwest Ed Loan Association (NELA)	ACPE's former federal loan guarantor. NELA became affiliated with USAFunds in 2004.
Non-Subsidized Interest	Interest that accrues and is to be paid by the borrower.
Office of Management & Budget (OMB)	Budget office in the Governor's office.
Origination Fee	Administrative fee paid to the lender and charged as a percentage of the loan amount as it is disbursed.
P-20W Statewide Longitudinal Data System (SLDS)	Abbreviation and acronym for the statewide longitudinal data system, which links K-12 education data to postsecondary education and workforce information.
Parent Loans For Undergraduate Students (PLUS)	Federal loans available to parents of dependent undergraduate students to help finance the child's education. Parents may borrow up to the full cost of their children's education, less the amount of any other financial aid received. PLUS Loans may be used to pay the EFC. There is a minimal credit check required for the PLUS loan, so a good credit history is required.
Pell Grant	A federal grant to undergraduates that provides funds based on the student's financial need. The amount of the grant for 2020-21 is \$6,345.
Perkins Loan	Formerly the National Direct Student Loan Program, the Perkins Loan allows students to borrow up to \$5,500/year maximum of \$27,500 for undergraduate school and \$8,500/year maximum of \$60,000 for graduate school. The Perkins Loan has one of the lowest interest rates and is awarded by the financial aid administrator to students with exceptional financial need. The student must have applied for a Pell Grant to be eligible. The interest on the Perkins Loan is subsidized while the student is in school.
Pennsylvania Higher Education Assistance Agency (PHEAA)	Pennsylvania Higher Education Assistance Agency (PHEAA) is a national provider of student financial aid services, including loan guaranty, loan servicing, financial aid processing, outreach, and other student aid programs. It conducts its student loan servicing operations nationally as FedLoan Servicing and American Education Services (AES).

Premiere Credit of North America, LLC (PCNA)	Premiere Credit of North America, LLC (PCNA) is the collection agency contracted to collect on defaulted state education loans.
Professional Student Exchange Program (PSEP)	A WICHE program that provides access for Alaska students to enroll full-time in eligible health-related degree programs that are not available in this state. Alaska pays a support fee to reserve seats in these programs, and the Alaska program participants are required to repay the support fee paid on their behalf.
Promissory Note (PN)	Legal contract between borrower and ACPE describing terms and conditions of loan.
Program Participation Application (PPA)	An institution must enter into a program participation agreement with ACPE in order to be eligible to offer state financial aid programs. The agreement sets out the requirements for compliance with state statutes and regulations governing these programs.
Public Service Loan Forgiveness (PSLF)	The Public Service Loan Forgiveness program forgives the remaining balance on federal student loans after borrowers have made 120 qualifying monthly payments under a qualifying repayment plan while working full-time for a qualifying employer. Qualifying employers include a US federal, state, or tribal government or not-for-profit organization.
Refinance Loan	A loan that combines several student loans into one loan from a single lender. The refinance loan is used to pay off the balances on the other loans.
Skip Tracing	Skip Tracing is the process by which a lender attempts to obtain corrected borrower address or telephone information when the current address and/or phone is no longer valid.
Satisfactory Academic Progress (SAP)	Institutional requirements for satisfactory academic progress to continue receiving federal or state aid.
Student Aid Report (SAR)	Record of information from a student's FAFSA provided to the student by the U.S. Dept. of Education (DOE), which includes the calculation of the student's expected family contribution (EFC). The electronic version sent to schools and ACPE is called an Institutional Student Information Record (ISIR).
Servicer	An organization that collects payments on a loan and performs other administrative tasks associated with maintaining a loan portfolio. Loan servicers disburse loan funds, monitor loans while the borrowers are in school, collect payments, process deferments and forbearances, respond to borrower inquiries and ensure that the loans are administered in compliance with all applicable state and federal requirements.

Special Allowance Payment (SAP)	A percentage of the daily average unpaid principal balance, paid to a lender by the Department on an eligible Federal Stafford, PLUS, Supplemental Loans for Students (SLS), or Consolidation loan. The special allowance rate is set by statutory formula. Currently the rates paid by borrowers on the loans are higher than the relevant market index and lenders are required to rebate the difference back to the federal government.
Stafford Loans	Federal loans that come in two forms, subsidized and unsubsidized. Subsidized loans are based on need; unsubsidized loans are not. The federal government pays the interest on the subsidized Stafford Loan while the student is in school and in certain deferment periods. The Subsidized Stafford Loan was formerly known as the Guaranteed Student Loan (GSL).
State Higher Education Executive Officers (SHEEO)	The national association of higher education leaders of statewide coordinating and governing boards and other state policy agencies for higher education. SHEEO serves its members as an advocate for state policy leadership, as a liaison between states and the federal government, as a vehicle for peer collaboration, and as a source of information and analysis on educational and public policy issues. In Alaska, the SHEEO role is shared between the Executive Director of ACPE and the President of the University of Alaska.
Success Center	Located in ACPE's Anchorage office, Success Center staff assist students and parents through the financial aid process and postsecondary education or career training preparation.
Subsidized Loan	With a subsidized loan, such as the Perkins Loan or the Subsidized Stafford Loan, the government pays the interest on the loan while the student is in school, during the six-month grace period following qualifying enrollment and the beginning of repayment, and during any deferment periods. Subsidized loans are awarded based on financial need and may not be used to finance the family contribution.
Supplemental Education Opportunity Grant (SEOG)	Federal grant program for undergraduate students with exceptional need. SEOG grants are awarded by the school's financial aid office, and provide up to \$4,000 per year. To qualify, a student must also be a recipient of a Pell Grant.
Teacher Education Loan (TEL)	The TEL was created to provide an incentive for rural high school graduates to pursue teaching careers and return to teach in rural communities; school boards award teacher education loans with preference given to applicants from rural schools, to attend a bachelor's degree program in elementary or secondary education or a teacher certification program. Borrowers who teach in a qualifying school may be eligible for forgiveness benefits.

	Legislation passed in 2014 made the awarding of TELs to new borrowers subject to the availability of funding from the State. Absent such funding, effective fall of 2014, only continuing borrowers will receive additional loans, which are funded by ASLC.
Truth-In-Lending (TIL)	See Disclosure
Truth in Lending Act (TILA)	The Truth in Lending Act (TILA) of 1968 is United States federal law designed to promote the informed use of consumer credit, by requiring disclosures about its terms and cost to standardize the manner in which costs associated with borrowing are calculated and disclosed. It requires publication of the Annual Percentage Rate (APR) on a loan.
Unmet Need	Any negative difference between the amount a student/family has the capacity to pay and the cost of education as certified by the institution's Financial Aid Office is considered to be their "unmet need".
Unsubsidized Loan	A loan for which the borrower is responsible for the interest on an unsubsidized loan from the date the loan is disbursed, even while the student is still in school. Students may avoid paying the interest while they are in school by capitalizing the interest, which increases the loan amount.
Variable Interest Rate (VIR)	In a variable interest loan, the interest rate changes periodically. For example, the interest rate might be pegged to the cost of US Treasury Bills (e.g., T-Bill rate plus 3.1%) and be updated monthly, quarterly, semi-annually or annually. ACPE does not currently offer any variable rate loans.
Western Interstate Commission for Higher Education (WICHE)	WICHE is a regional organization created by the Western Regional Education Compact, adopted by the Western states. WICHE was created to facilitate resource sharing among the higher education systems of the West. It implements a number of activities to accomplish its objectives. Alaska participates in three WICHE student exchange programs administered by ACPE. Alaska has participated in the WICHE compact since 1955.
Western Undergraduate Exchange Program (WUE)	A WICHE program, WUE allows Alaska residents to enroll at two-year and four-year institutions in participating states at reduced tuition level applicable only to WUE students. Over 100 colleges and universities participate in this exchange program.
Western Regional Graduate Program (WRGP)	A WICHE program that enables Alaska residents to enroll at reduced tuition rates in certain graduate programs in other western states.

The Washington, Wyoming Alaska, Montana, Idaho Program (WWAMI)	Provides access to graduate medical education not otherwise available in Alaska. State residents compete only with other Alaska residents for 20 positions reserved at the University of Washington School of Medicine (UWSM) for Alaska students. Alaska pays to UWSM the contractual costs of the program not covered by tuition, but fifty percent of that cost is a loan for the participant if they fail to return to the state and become employed in the medical field for which support was provided. After acceptance by UWSM, the student attends the first year of school at University of Alaska Anchorage.
--	---
