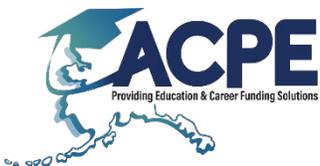


ALASKA STUDENT LOAN CORPORATION

May 8, 2025

Corporation Meeting





[Zoom link](#)

Meeting #: 943 8236 9624

Password: ASLC

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

AGENDA

May 8, 2025

1. **1:30 p.m.** Convene/Roll Call
- 2.* Adoption of Agenda
 - *Suggested motion: move to adopt the agenda of the May 8, 2025 Corporation Meeting.*
3. Ethics Disclosure Relative to Adopted Agenda
- 4.* Election of Officers
 - *ASLC Bylaws Article IV, Section 2. Election of Officers. The Board shall elect a Chair and Vice-Chair from among its membership at the last regularly scheduled meeting of the current fiscal year. The Chair and Vice-Chair shall take office immediately after election at that same meeting. The terms of office of the Chair and Vice-Chair shall be one (1) year, with no restriction on consecutive terms.*
- 5.* Approval of Meeting Minutes from February 6, 2025
 - *Suggested Motion: move approval of the meeting minutes from the February 6, 2025 Corporation Meeting.*
6. **1:40 p.m.** Public Testimony:
 - Individuals: 3-minute limit
 - Group Representatives: 5-minute limit
7. **1:45 p.m.** Annual Investment Policy Review Memo – Chief Finance Officer Julie Pierce
- 7a.* Investment Portfolio Management, Performance, Asset Allocation and Policy Review Presentation – Zach Hanna, Chief Investment Officer, Department of Revenue
 - *Suggested Motion: move to accept the Alaska Student Loan Corporation Investment Policy with no material changes based on discussion and recommendation from Staff, DOR Investment Management team, and Financial Advisor.*
8. **2:30 p.m.** Chief Finance Officer Report (Written Report for Information Only)– Chief Finance Officer Julie Pierce
 - FY25 Engagement Letter
 - Non-Attest Information



- 9.* **2:30 p.m.** Adoption of Loan Program Variable Interest Rates for Academic Year 2025-2026
 – Chief Finance Officer Julie Pierce
 ➤ *Suggested Motion: Move approval of variable interest rates for variable rate ASEL loans as recommended by staff.*
- 10 Executive Officer Report (Written Report for Information Only) – Acting Executive Officer Kerry Thomas
- 11.* **2:45 p.m.** Discuss Proposed Future Meeting Dates
 • November 6, 2025 at 1:30 p.m.
 • February 5, 2026 at 1:30pm
 • May 7, 2026 at 1:30 p.m.
12. Board Member Closing Comments
- 13.* **3:00 p.m.** Adjournment
 ➤ *Suggested Motion: Move the Board adjourn the May 8, 2025 Corporation Meeting.*

*Action Required

A meeting of the Alaska Commission on Postsecondary Education (ACPE), conducted via distance delivery, originated from the office of the Commission at 3030 Vintage Boulevard, Juneau, Alaska on February 6, 2025. Chair Bicchinella called the meeting to order at approximately 1:30 p.m.

ATTENDEES

Board Members present for all or portions of the meeting: Joshua Bicchinella, Dave Donley, Micaela Fowler, Anna Latham, and Genevieve Wojtusik.

Board Members absent: Donald Handeland.

Corporation Staff present for all or portions of the meeting: Acting Executive Officer Kerry Thomas, Director of Information Support Services Jamie Oliphant, Chief Finance Officer Julie Pierce, Director of Communications and Outreach Kate Hillenbrand, and Administrative Assistant Grace Newman

Guests in attendance: Assistant Attorney General Andrew Bocanumenth; Lee Donner and Tim Webb with Hilltop Securities

ADOPTION OF AGENDA

Chair Bicchinella moved to adopt the agenda of the February 6, 2025 Corporation meeting. Member Donley seconded the motion. By roll call vote, all members present voted aye. The motion carried.

ETHICS DISCLOSURE

No ethics disclosures were made during this meeting.

APPROVAL OF MINUTES

Member Wojtusik moved to approve the minutes from the November 7, 2024 Corporation meeting. Member Latham seconded the motion. By roll call vote, all members present voted aye. The motion carried.

PUBLIC TESTIMONY

Chair Bicchinella opened the public testimony period. There being no public testifiers, Chair Bicchinella closed the period for public testimony.

EXECUTIVE OFFICER REPORT

Kerry Thomas, Acting Executive Officer, presented highlights of the report she previously gave to Commission members at the quarterly Commission meeting in January, 2025. She stated ACPE is in the process of implementing changes to the Alaska Performance Scholarship (APS) that passed under HB 148 in 2024. She discussed ACPE's FY 2025 budget which was included in the Governor's proposed budget released December 2024, specifically regarding a supplemental budget request for the APS and Alaska Education Grant (AEG) presented to the legislature. She touched briefly upon the ongoing legislative session, noting there were few bills impacting ACPE and currently none that would impact the Corporation. She mentioned a high level HR update,

indicating ACPE currently has 52 authorized position with 10 vacancies. Acting EO Thomas gave an update on the Executive Director recruitment, indicating it was reposted and now scheduled to close February 21, 2025; applications will be reviewed by the Commission Executive Committee on March 3, 2025. She closed by reaffirming she will continue to in an acting status as the Executive Director until the position is filled.

Discussion: Member Latham requested additional information on the supplemental budget requests. Acting EO Thomas explained that the changes to the APS enacted by HB 148 resulted in a record number of eligible students. Anticipating this surge to continue, ACPE requested an additional \$650,000 to for the APS as well as \$325,000 for the AEG, for a total requested increase of \$975,000. It was requested this way because statute requires for every \$2 drawn for the APS that \$1 is also drawn for the AEG.

PRESENTATION ON PROPOSED ANNUAL AND AGGREGATE LOAN LIMITS – PROGRAM OPERATIONS DIRECTOR KERRY THOMAS

Kerry Thomas, Acting Executive Officer, reported on the proposed recommendations for the annual and aggregate limits of ACPE’s loan programs. She reminded members that the Corporation was granted the authority to set loan limits by an amendment to relevant Alaska statute 2 years prior. She conveyed that management was recommending no changes to ACPE’s loan limits for the upcoming year, stating the increases to the loan limits approved the previous year were determined to still be adequate. She briefly discussed the review process, indicating the average cost of attendance increase was only 3% and the Majority of ACPE’s loan volume is either below or at the current loan limits, with only two borrowers having reached existing aggregate limits over the lifecycle of the current loan programs.

Chair Bicchinella moved to approve maintaining the existing annual and aggregate loan limits for the Alaska Supplemental Education Loan Program, and Alaska Family Education Loan Program as outlined in the memo. Member Wojtusik seconded the motion. By roll call vote, all members present voted aye. The motion carried.

ADOPTION OF LOAN PROGRAM FIXED INTEREST RATES FOR ACADEMIC YEAR 2025-2026 – CHIEF FINANCE OFFICER JULIE PIERCE

Julie Pierce, Chief Financial Officer, stated that her memo outlined the Corporation sets interest rates under statute and in doing so considers actual and expected net cost of operations, risk and default management strategies and practices, and market rates. She advised that ACPE management is proposing lowering current rates due to ACPE’s dual goals of increasing awareness of ACPE’s programs through advertised rates while still remaining financially sustainable. For the ASEL program, rates for the 640-679 FICO score tiers would remain the same, while rates for FICO score tiers 680 and higher would reduce by 50 basis points. Proposed Refinance loan rates would see no change for the 680-719 FICO score tiers, with a recommended reduction of 20 basis points for higher tiers. She concluded by stating that staff’s recommendation is to set the fixed interest rates and underwriting criteria for ACPE’s 2025-2026 academic year loans as shown in her report memo.

Chair Bicchinella moved approval of the fixed interest rates and underwriting criteria for the 2025-2026 academic year loans be set as shown in the report memo. Member Wotjusik seconded the motion. By roll call vote, all members present voted aye. The motion carried.

Discussion: Chair Bicchinella thanked CFO Pierce and staff for the outline and detailed report, stating it made the board members' jobs easier.

FUTURE MEETING DATES

- May 8, 2025 at 1:30 p.m.
- November 6, 2025 at 1:30 p.m.

CLOSING COMMENTS

Chair Bicchinella opened the floor for closing comments. There being none, Chair Bicchinella proceeded to adjournment.

ADJOURN

Chair Bicchinella moved to adjourn the February 6, 2025 Corporation Meeting. Member Donley seconded the motion. By roll call vote, all members present voted aye. The motion carried.

The meeting adjourned at approximately 1:51 p.m.

Approved by:

Joshua Bicchinella, 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 Members
Thru: Kerry Thomas, Acting Executive Officer
From: Julie Pierce, Chief Finance Officer
Date: May 8, 2025
Re: Annual Investment Policy Review

In accordance with the Corporations Investment Policy and Procedures, the Board is required to review the investment policy annually to determine the policy's effectiveness and to make adjustments to reflect changes in investment strategy and goals.

The current and proposed revised Investment Policy for Board review and approval is included in Zach Hanna, Chief Investment Officer Department of Revenue's presentation.

There is a suggested motion in the body of the agenda following CIO Hanna's presentation, item 7a.



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Alaska Student Loan Corporation Portfolio Review:

- **Economic and Market Update**
- **Performance through March 2025**
- **FY26 Asset Allocation Recommendations**

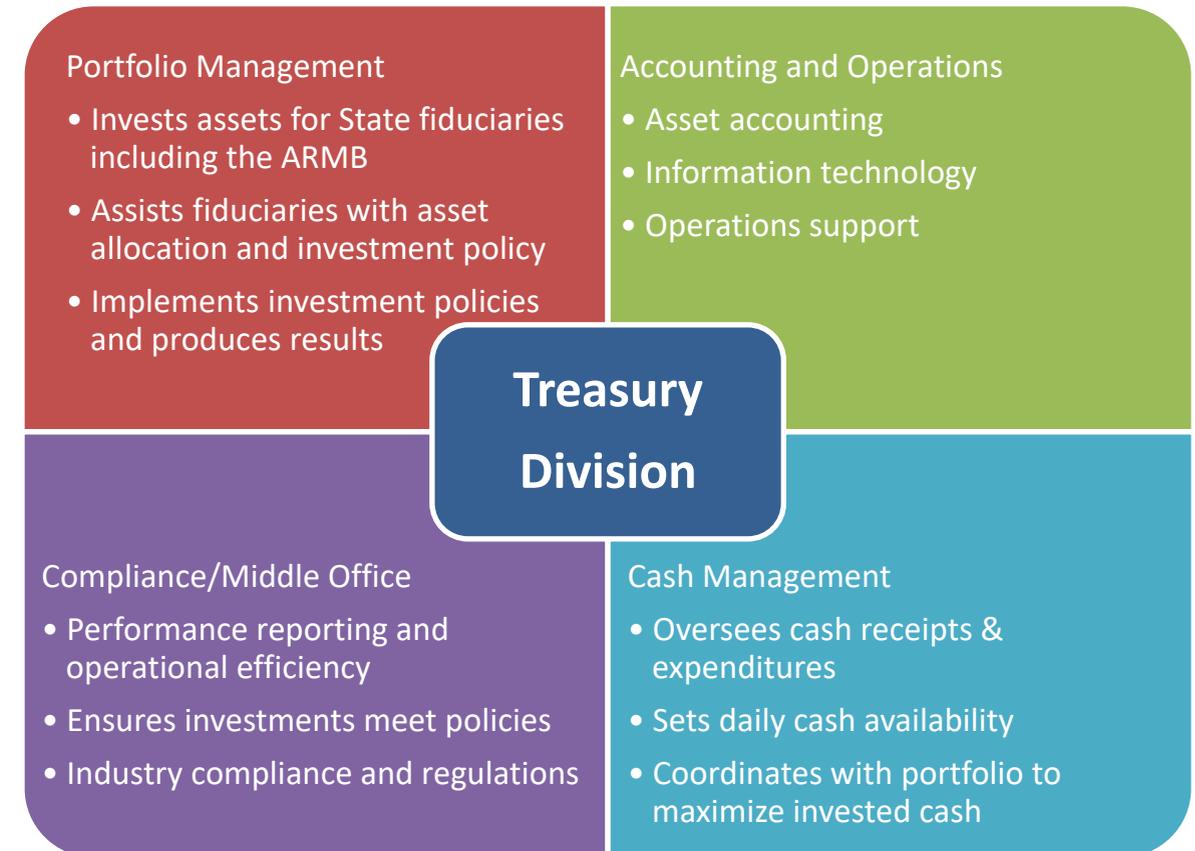


May 2025

Zachary Hanna, CFA
Chief Investment Officer, Treasury Division
Alaska Department of Revenue

Department of Revenue – Treasury Division

- The Treasury Division helps state fiduciaries achieve investment objectives and manage risk.
- Treasury is comprised of 40 experienced professionals in portfolio management, accounting, operations, compliance, and cash management. Treasury staff average tenure is over 10 years and includes CFAs, CPAs, CTPs and other advanced degrees and designations.
- The Division manages assets for funds across the risk spectrum from lower risk cash-equivalent investments through higher risk endowment and retirement funds:
 - Alaska Retirement Management Board - \$43.5 Billion
 - Commissioner of Revenue/SOA - \$8.6 Billion
 - Other State assets include Alaska Mental Health Trust, Alaska Student Loan Corporation, and the Exxon Valdez Oil Spill Trust.



Economic and Market Update

Inflation and Economic Growth

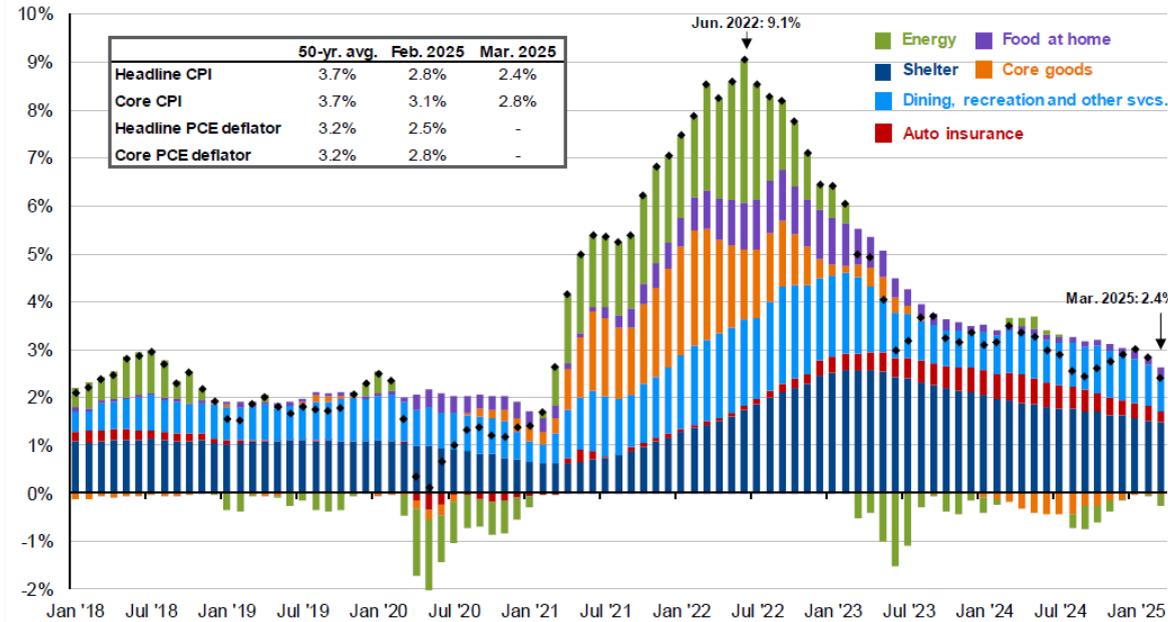
- Inflation had dominated market sentiment, peaking at 9.1% in June of 2022 and declining to 2.4% in March of 2025.
- The Market is now squarely focused on the impact geopolitical uncertainty will have on trade flows of goods and capital.
- Economic growth was strong in 2024, but growth expectations for 2025 are muted due to trade and tariff uncertainty.

Inflation components

GTM U.S. 27

Contributors to headline CPI inflation

Contribution to y/y % change in CPI, non-seasonally adjusted



Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. "Food at home" includes alcoholic beverages. Guide to the Markets - U.S. Data are as of April 15, 2025.

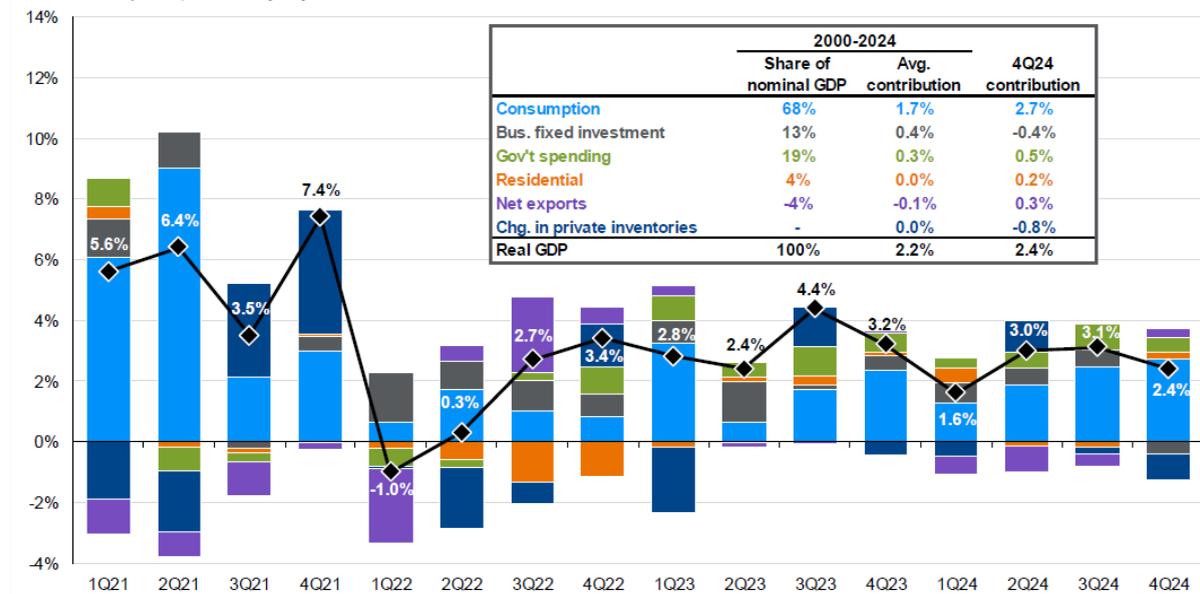
J.P.Morgan
ASSET MANAGEMENT

Components of GDP growth

GTM U.S. 18

Contributors to real GDP growth

Quarter-over-quarter, seasonally adjusted annualized rate



Source: BEA, FactSet, J.P. Morgan Asset Management. Guide to the Markets - U.S. Data are as of April 15, 2025.

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Interest Rates and the Federal Reserve

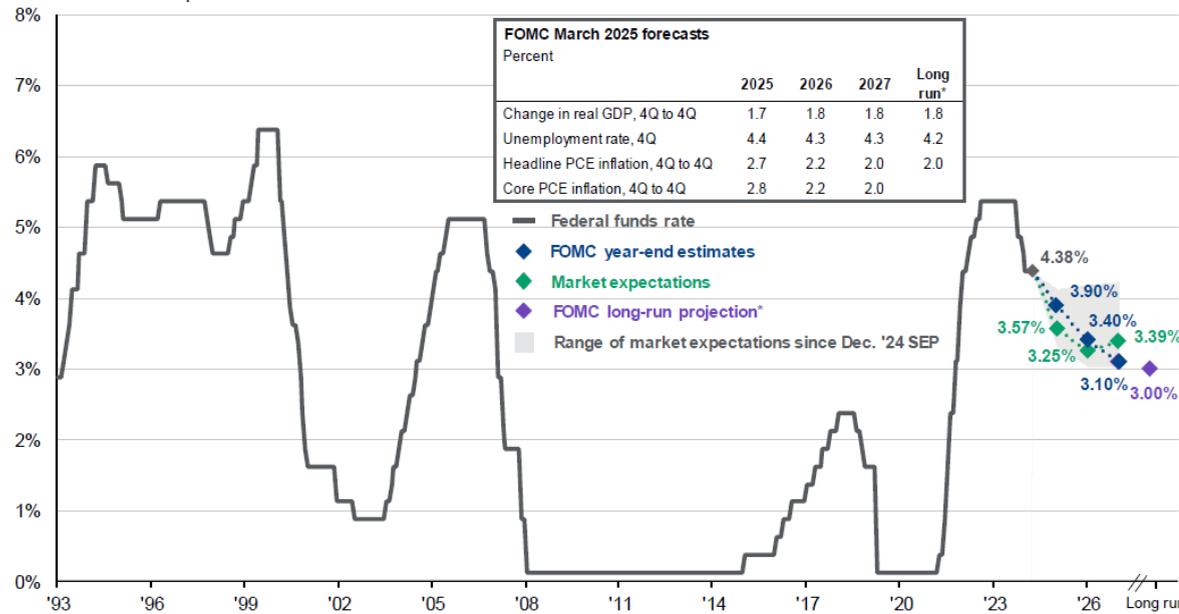
- To combat inflation, the Federal Reserve raised interest rates from near zero in 2022 to a 5.4% midpoint in July 2023.
- The Fed has since cut rates 100 basis points through December, bringing the target rate midpoint to 4.4%.
- Recent market forecasts suggest moderate rate cuts are likely through 2025, with 3 cuts currently expected.

The Fed and interest rates

GTM U.S. 33

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



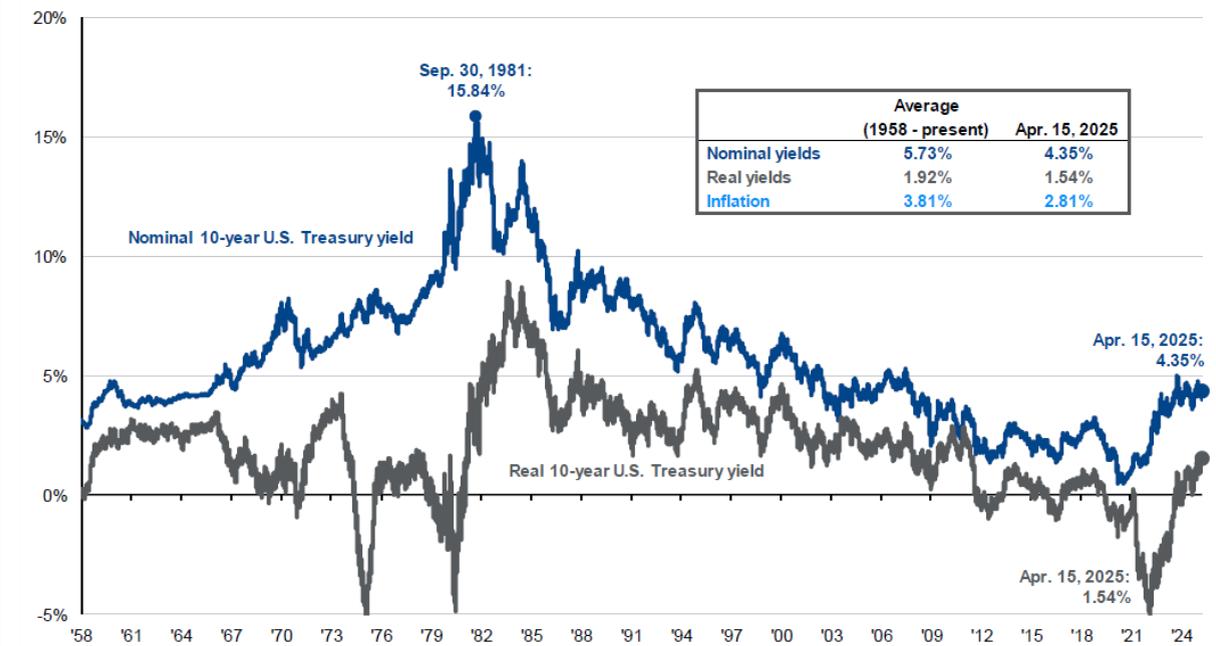
Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.
 Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. Guide to the Markets - U.S. Data are as of April 15, 2025.

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Interest rates and inflation

GTM U.S. 35

Nominal and real U.S. 10-year Treasury yields



Source: BLS, FactSet, Federal Reserve, J.P. Morgan Asset Management.
 Real 10-year Treasury yields are calculated as the daily Treasury yield less year-over-year core CPI inflation for that month. For the current month, we use the prior month's core CPI figures until the latest data are available.
 Guide to the Markets - U.S. Data are as of April 15, 2025.

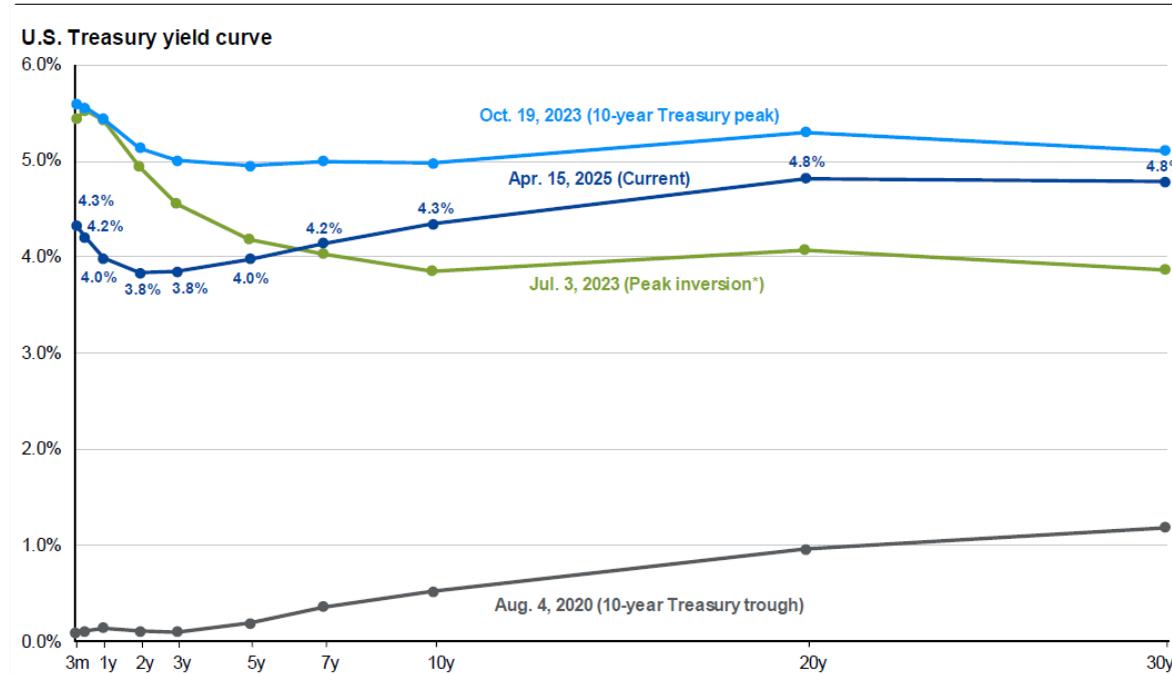
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Fixed Income

- Bond yields increased dramatically in reaction to the Fed’s increase in rates into 2023.
- Most bond sectors performed poorly in 2022 but returns improved in 2023 and 2024 with higher yields and interest rate cuts.
- Despite the recent volatility in interest rates, forward return expectations for fixed income investments are strong, with high starting yields.
- The long end of the yield curve has risen recently, driven by expectations of sustained inflation, increased debt issuance, and geopolitical uncertainty.

Yield curve

GTM U.S. 37



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. Analysis references data back to 2020. *Peak inversion is measured by the spread between the yield on a 10-year Treasury and 2-year Treasury. Guide to the Markets – U.S. Data are as of April 15, 2025.

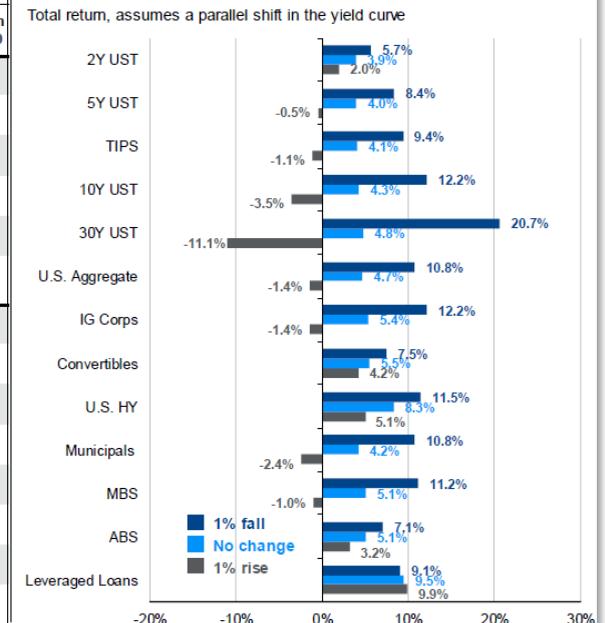


Fixed income market dynamics

GTM U.S. 36

| | Yield | | Return | | | |
|------------------------|-----------|------------|--------|---------------|------------------------|------------------------|
| | 4/15/2025 | 12/31/2024 | 2025 | Avg. Maturity | Correlation to 10-year | Correlation to S&P 500 |
| U.S. Treasuries | | | | | | |
| 2-Year | 3.84% | 4.25% | 1.84% | 2 years | 0.74 | 0.01 |
| 5-Year | 3.98% | 4.38% | 3.05% | 5 | 0.94 | -0.02 |
| TIPS | 1.94% | 2.13% | 2.37% | 7.3 | 0.74 | 0.34 |
| 10-Year | 4.35% | 4.58% | 3.15% | 10 | 1.00 | -0.07 |
| 30-Year | 4.79% | 4.78% | 1.18% | 30 | 0.93 | -0.10 |
| Sector | | | | | | |
| U.S. Aggregate | 4.73% | 4.91% | 1.88% | 8.4 | 0.90 | 0.26 |
| IG Corps | 5.40% | 5.33% | 0.76% | 10.5 | 0.69 | 0.47 |
| Convertibles | 5.54% | 6.13% | -3.60% | - | -0.03 | 0.86 |
| U.S. HY | 8.29% | 7.49% | -0.52% | 4.7 | 0.10 | 0.79 |
| Municipals | 4.17% | 3.74% | -1.96% | 13.4 | 0.73 | 0.27 |
| MBS | 5.10% | 5.27% | 2.12% | 8.1 | 0.81 | 0.26 |
| ABS | 5.15% | 5.38% | 1.76% | 2.2 | 0.42 | 0.24 |
| Leveraged Loans | 9.52% | 8.68% | -0.52% | 4.7 | -0.22 | 0.62 |

Fixed income returns in different interest rate scenarios



Source: Bloomberg, FactSet, Federal Reserve Bank of Cleveland, Standard & Poor’s, U.S. Treasury, J.P. Morgan Asset Management. Sectors shown above are provided by Bloomberg unless otherwise noted and are represented by – U.S. Aggregate; MBS: U.S. Aggregate Securitized – MBS; ABS: J.P. Morgan ABS Index; IG Corporates: U.S. Corporates; Municipals: Muni Bond; High Yield: Corporate High Yield; Leveraged Loans: J.P. Morgan Leveraged Loan Index; TIPS: Treasury Inflation-Protected Securities; Convertibles: U.S. Convertibles Composite. Convertibles yield is as of most recent month-end and is based on U.S. portion of Bloomberg Global Convertibles Index. Yield and return information based on bellwethers for Treasury securities. Yields shown for TIPS are real yields. TIPS returns consider the impact that inflation could have on returns by assuming the Cleveland Fed’s 1-year inflation expectation forecasts are realized. Sector yields reflect yield-to-worst. Leveraged loan yields reflect the yield to 3Y takeout. Correlations are based on 15-years of monthly returns for all sectors. ABS returns prior to June 2012 are sourced from Bloomberg. Past performance is not indicative of future results.



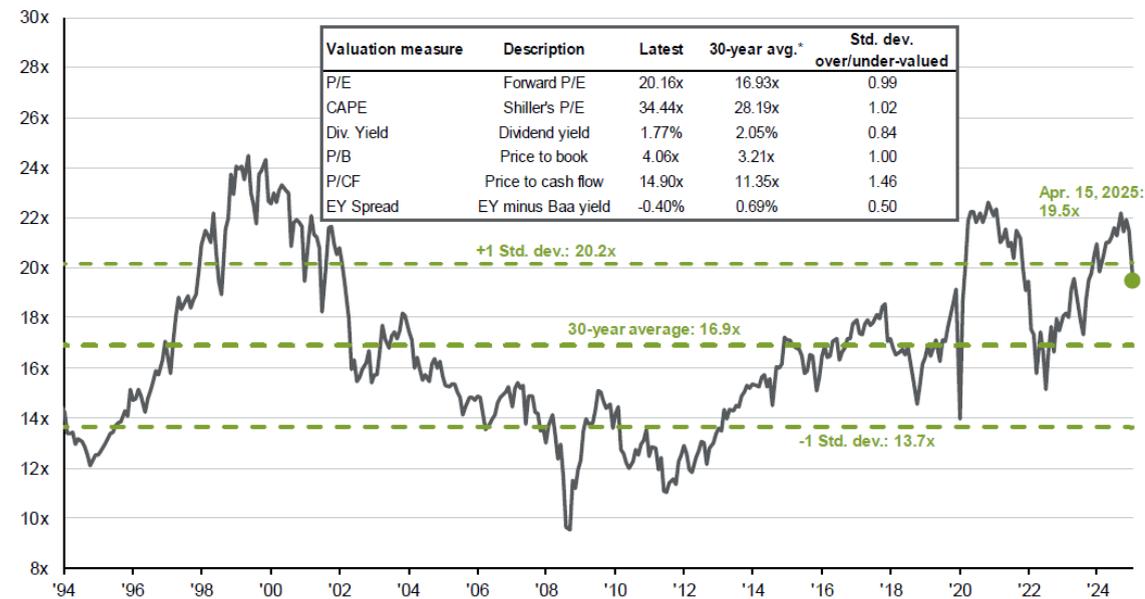
Equity Markets

- The U.S. stock market has retreated from near all-time highs, but valuations are still elevated.
- Domestic equity returns and valuations are primarily driven by the largest technology companies, which has led to more concentrated equity indices.
- Year-to-date, domestic equity valuations have been under pressure from trade and geopolitical uncertainty.
- International equity valuations are still at a significant discount compared to the high valuations in the U.S.

S&P 500 valuation measures

GTM U.S. 5

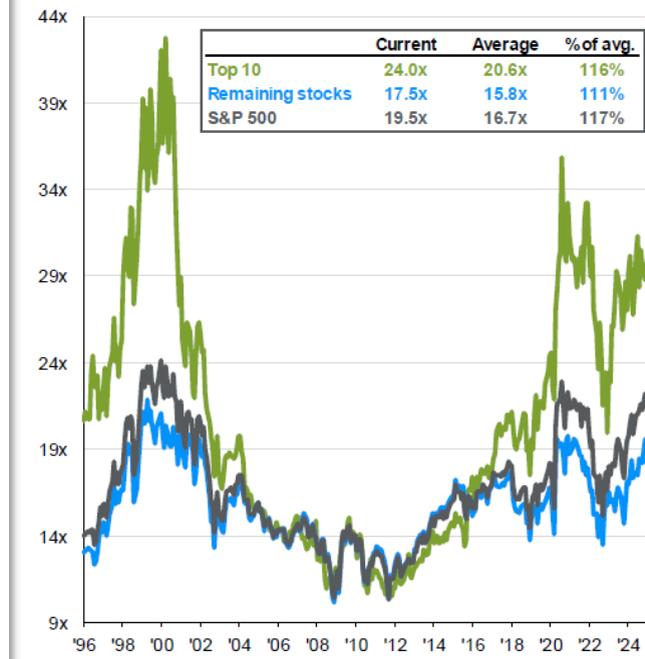
S&P 500 Index: Forward P/E ratio



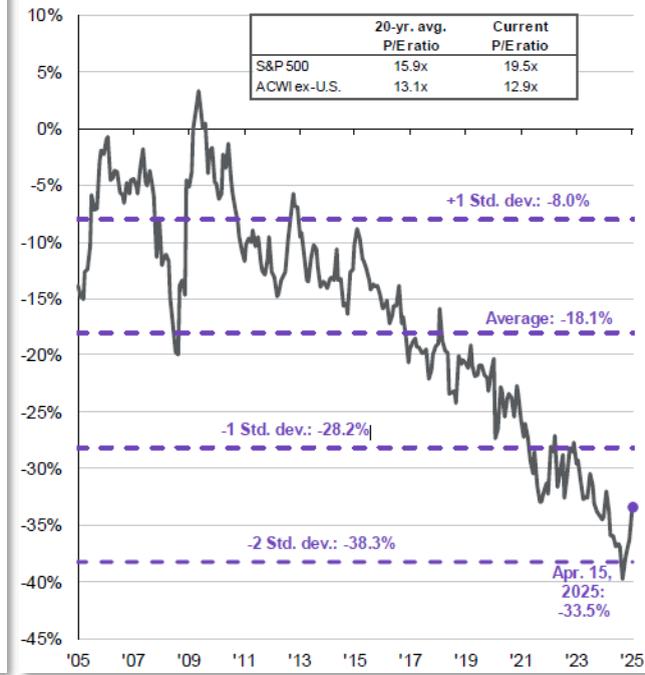
Source: FactSet, FRB, Refinitiv Datastream, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management. Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since March 1994 and by FactSet since January 2022. Average P/E and standard deviations are calculated using 30 years of history. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as the next 12-months consensus dividend divided by most recent price. Price-to-book ratio is the price divided by book value per share. Price-to-cash flow is price divided by NTM cash flow. EY minus Baa yield is the forward earnings yield (consensus analyst estimates of EPS over the next 12 months divided by price) minus the Bloomberg US corporate Baa yield since December 2008 and interpolated using the Moody's Baa seasoned corporate bond yield for values beforehand. Std. dev. over-/under-valued is calculated using the average and standard deviation over 30 years for each measure. *Averages and standard deviations for dividend yield and P/CF are since November 1995 due to data availability.

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P/E of the top 10 and remaining stocks in the S&P 500
Next 12 months, 1996 - present



International: Price-to-earnings discount vs. U.S.
MSCI All Country World ex-U.S. vs. S&P 500, next 12 months



Capital Market Performance Update

- Performance was strong for fiscal year 2024 and calendar year 2024, but the 1st calendar quarter of 2025 saw more mixed performance.
- Capital markets are now focused on inflation, interest rates, and trade uncertainty.
- For the quarter, domestic equities were down on fluctuating tariff and trade news while international equities were up.
- The Fed has paused in reducing short-term rates keeping cash equivalent yields high.

| CY2019 | CY2020 | CY2021 | CY2022 | CY2023 | CY2024 | FY25 YTD | 2025-Q1 |
|--------------------------------|--------------------------------|----------------------------------|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Broad U.S. Equity 31.0% | Broad U.S. Equity 20.9% | REITs 41.3% | Cash Equivalents 1.5% | Broad U.S. Equity 26.0% | Broad U.S. Equity 23.8% | REITs 10.2% | International Equity 5.2% |
| REITs 28.7% | TIPS 11.0% | Broad U.S. Equity 25.7% | High Yield (11.2%) | International Equity 15.6% | High Yield 8.2% | High Yield 6.5% | TIPS 4.2% |
| International Equity 21.5% | International Equity 10.7% | International Equity 7.8% | TIPS (11.8%) | High Yield 13.4% | International Equity 5.5% | TIPS 5.3% | Core U.S. Fixed Income 2.8% |
| High Yield 14.3% | Core U.S. Fixed Income 7.5% | TIPS 6.0% | Core U.S. Fixed Income (13.0%) | REITs 11.4% | Cash Equivalents 5.3% | International Equity 5.1% | REITs 2.8% |
| Core U.S. Fixed Income 8.7% | High Yield 7.1% | High Yield 5.3% | International Equity (16.0%) | Core U.S. Fixed Income 5.5% | REITs 4.9% | Core U.S. Fixed Income 4.8% | Cash Equivalents 1.0% |
| TIPS 8.4% | Cash Equivalents 0.7% | Cash Equivalents 0.0% | Broad U.S. Equity (19.2%) | Cash Equivalents 5.0% | TIPS 1.8% | Broad U.S. Equity 3.9% | High Yield 1.0% |
| Cash Equivalents 2.3% | REITs (5.1%) | Core U.S. Fixed Income (1.5%) | REITs (24.9%) | TIPS 3.9% | Core U.S. Fixed Income 1.3% | Cash Equivalents 3.6% | Broad U.S. Equity (4.7%) |

Portfolio Performance

ASLC Portfolio History and Performance

Brief History

- Treasury started managing current ASLC investments in July of 2021 with a lower-risk bond mandate.
- Treasury worked with the ASLC staff and board to explore other investment approaches to use the funds long time horizon risk to increase returns and assets.
- Several risk profiles were explored and the ASLC board ultimately adopted a 40% equity and 60% bond risk profile.

Performance

- Calendar year 2024 performance of 7.24% was 45 bps above the benchmark of 6.79%.
- Overall, the inception-to-date (ITD) track record, now 44 months long, has generated an annualized return of 3.01%, 38 basis points over the benchmark during a challenging period.
- The inception performance has added \$14 million in gains to the portfolio, roughly double the level of the original benchmark.
- The State's asset class building blocks have all performed within expectations with most providing excess returns.

| Performance through 3/31/25 | | 3 Months | FYTD | CY 2024 | CY 2023 | 1 Year | 3 Years | ASLC ITD | |
|-----------------------------|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| ASLC Portfolio | | 1.43% | 5.02% | 7.24% | 11.66% | 6.01% | 4.80% | 3.01% | |
| Benchmark | | 1.46% | 4.93% | 6.79% | 11.02% | 5.84% | 4.34% | 2.64% | |
| <i>Excess Return</i> | | <i>-0.02%</i> | <i>0.09%</i> | <i>0.45%</i> | <i>0.63%</i> | <i>0.17%</i> | <i>0.46%</i> | <i>0.38%</i> | |
| <i>Original Benchmark</i> | | <i>1.62%</i> | <i>4.54%</i> | <i>4.20%</i> | <i>4.47%</i> | <i>5.51%</i> | <i>2.98%</i> | <i>1.54%</i> | |
| Component Performance | | FY25 AA | 3 Months | FYTD | CY 2024 | CY 2023 | 1 Year | 3 Years | ASLC ITD |
| Domestic Equity | | 22% | -4.69% | 3.85% | 23.74% | 26.07% | 7.19% | 8.26% | 7.25% |
| Benchmark | | | -4.72% | 3.88% | 23.81% | 25.96% | 7.22% | 8.22% | 7.16% |
| <i>Excess Return</i> | | | <i>0.03%</i> | <i>-0.03%</i> | <i>-0.07%</i> | <i>0.11%</i> | <i>-0.03%</i> | <i>0.05%</i> | <i>0.09%</i> |
| International Equity | | 14% | 5.34% | 5.13% | 5.42% | 15.62% | 6.25% | 4.49% | 2.24% |
| Benchmark | | | 5.23% | 5.08% | 5.53% | 15.62% | 6.09% | 4.48% | 2.20% |
| <i>Excess Return</i> | | | <i>0.10%</i> | <i>0.05%</i> | <i>-0.11%</i> | <i>0.01%</i> | <i>0.16%</i> | <i>0.01%</i> | <i>0.04%</i> |
| Internally Managed REITs | | 3% | 2.75% | 10.22% | 4.93% | 10.83% | 9.25% | -1.79% | 0.05% |
| Benchmark | | | 2.75% | 10.22% | 4.92% | 11.36% | 9.23% | -1.66% | 0.14% |
| <i>Excess Return</i> | | | <i>0.00%</i> | <i>0.00%</i> | <i>0.01%</i> | <i>-0.52%</i> | <i>0.01%</i> | <i>-0.14%</i> | <i>-0.09%</i> |
| Tactical Bond | | 15% | 2.83% | 5.01% | 2.09% | 7.69% | 5.03% | 1.63% | |
| Benchmark | | | 2.78% | 4.81% | 1.25% | 5.53% | 4.88% | 0.52% | |
| <i>Excess Return</i> | | | <i>0.05%</i> | <i>0.20%</i> | <i>0.84%</i> | <i>2.16%</i> | <i>0.15%</i> | <i>1.11%</i> | |
| Broad Market Fixed Income | | 45% | 2.65% | 4.88% | 1.95% | 6.03% | 5.09% | 1.07% | -1.06% |
| Benchmark | | | 2.78% | 4.81% | 1.25% | 5.53% | 4.88% | 0.52% | -1.52% |
| <i>Excess Return</i> | | | <i>-0.14%</i> | <i>0.07%</i> | <i>0.70%</i> | <i>0.50%</i> | <i>0.21%</i> | <i>0.55%</i> | <i>0.46%</i> |
| Short-term Fixed Income | | 1% | 1.09% | 3.86% | 5.59% | 5.39% | 5.29% | 4.56% | 3.71% |
| Benchmark | | | 1.02% | 3.60% | 5.25% | 5.01% | 4.97% | 4.23% | 3.47% |
| <i>Excess Return</i> | | | <i>0.07%</i> | <i>0.25%</i> | <i>0.34%</i> | <i>0.38%</i> | <i>0.32%</i> | <i>0.33%</i> | <i>0.25%</i> |

Notes: Plan funded July 28, 2021. ITD performance for all funds listed starts August 1, 2021. ASLC did not invest in equity and REITs until October 22, 2021. ASLC Custom benchmark reflects multiple asset class target changes. ASLC Original Benchmark is 50% Bloomberg 1-3yr US Gov/Credit and 50% Bloomberg 1-3yr Gov. Performance greater than 1 year is annualized.

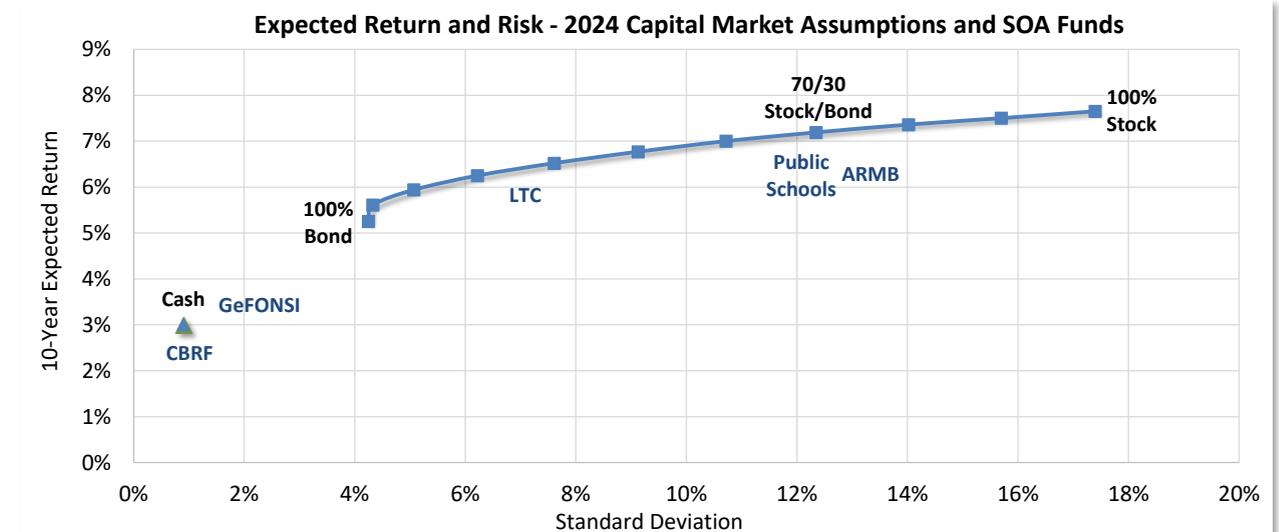
*May include up to 15% in Tactical Fixed Income

Asset Allocation

Treasury Investment Process

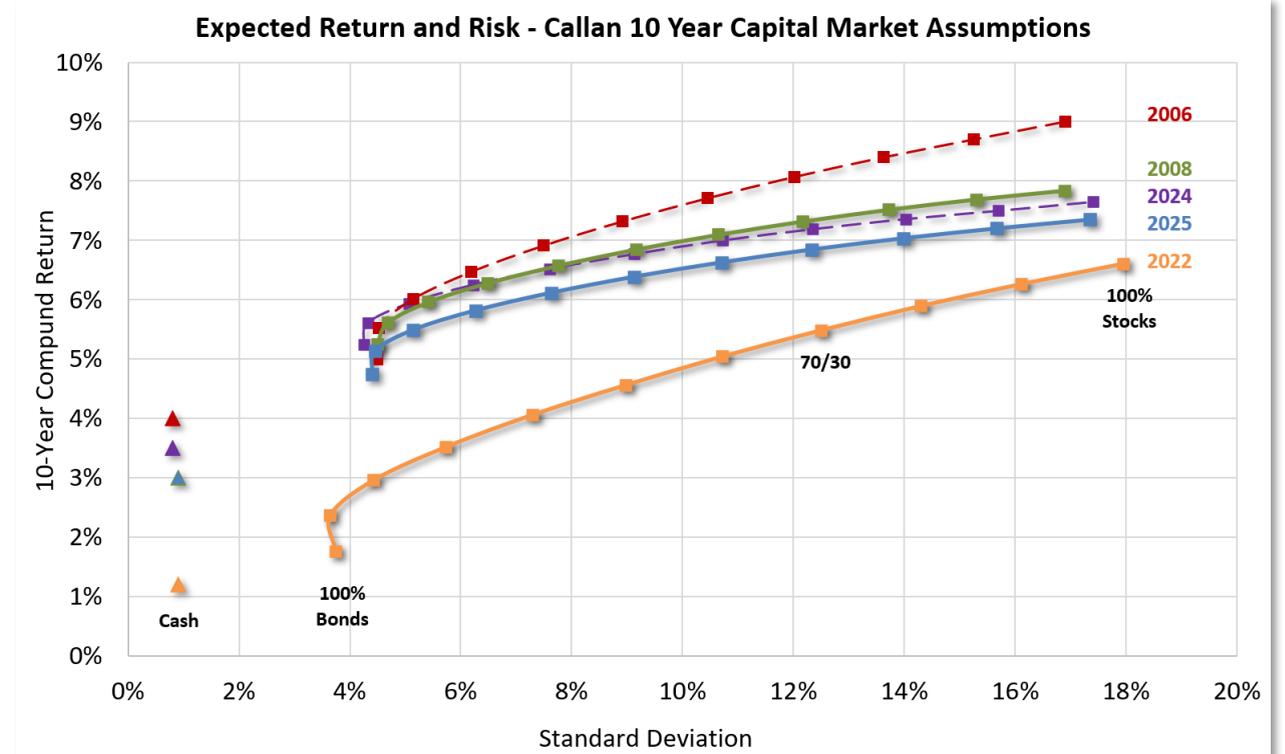
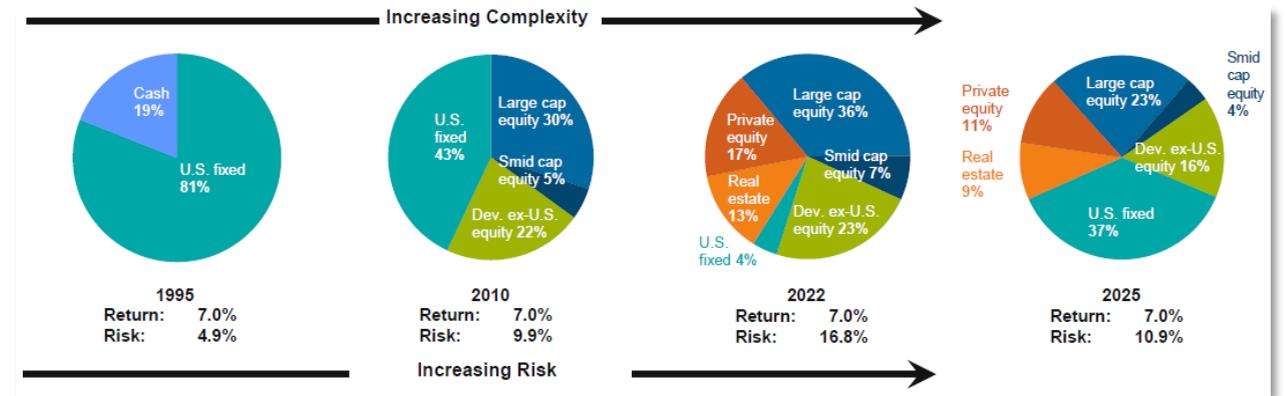
- Treasury manages assets across the risk spectrum from low-risk cash-equivalent investments through higher risk endowment and retirement funds for several state fiduciaries including the Alaska Retirement Management Board (ARMB) and the Commissioner of Revenue.
- Setting investment policies and asset allocations are key fiduciary duties for these funds. Treasury staff makes recommendations on the investment policy and asset allocation of each fund in a transparent and documented process to multiple State boards and through a quarterly State Investment Review process with an independent investment advisory committee.
- Each investment program is designed to balance fund investment objectives, risk tolerance, and other attributes including capacity for loss or volatility over short, medium, and longer time horizons.
- The investment process uses independent capital market forecasts to arrive at asset allocations and return and risk expectations.
- For underlying investments, Treasury uses a combination of low-cost internal asset management and specialized external asset managers for each asset class.

| Treasury Investment Funds | 3/31/2025 | Risk Tolerance |
|--|------------------------|----------------|
| Short-Term Funds | \$136,629,285 | Lowest |
| CBRF | \$2,843,791,355 | ↓ |
| GeFONSI | \$1,868,165,173 | |
| <i>International Airport Fund</i> | \$252,427,847 | |
| GeFONSI II | \$1,319,537,848 | |
| Exxon Valdez Oil Spill Funds | \$72,058,789 | |
| <i>Alaska Student Loan Investment Fund</i> | \$133,442,369 | |
| Retiree Long Term Care Fund | \$917,125,679 | |
| <i>Alaska Mental Health Trust Fund</i> | \$75,078,752 | |
| Illinois Creek Mine Fund | \$1,635,346 | |
| Education Endowment Fund | \$1,759,370 | |
| Alaska Higher Education Fund | \$406,914,202 | |
| Public School Trust Fund | \$845,161,146 | |
| Total | \$8,873,727,162 | |



Asset Allocation

- Callan is an investment consultant that annually develops 10-year capital market assumptions for clients including the Alaska Retirement Management Board and the Alaska Permanent Fund Corporation. DOR uses these assumptions for independence and consistency.
- Return expectations have generally fallen over the past 30 years as interest rates, growth, and inflation expectations declined. Forward return expectations have now increased due to inflation, higher starting interest rates and the pullback in equity markets.
- Treasury staff evaluates Callan’s capital market assumptions and current market conditions to develop an asset allocation approach for each state fund.
- The goal is to maximize return or minimize risk consistent with investment objectives and risk tolerance using a combination of modern portfolio theory and account specific constraints and characteristics.



2025 Capital Market Assumption Update

- In January, Callan released their 10-year capital market assumptions for 2025. Forward return expectations increased due to higher starting interest rates and the pullback in equity markets.
- Staff selects a subset of these asset classes for use in state funds based on risk, return, diversification, complexity, and cost.
- DOR is currently using Broad U.S. Equities, International Equities, Government 1-3 Fixed Income, Broad U.S. Fixed Income, U.S. REITs, and Cash Equivalents for state funds.
- For some portfolios, staff also invests up to 30% of the fixed income allocation in a tactical bond portfolio that opportunistically invests in high yield, TIPS, and other fixed income asset classes in a risk-managed fashion.
- Only liquid registered investments are used since State funds were not allowed to purchase unregistered investments, including alternative investments, prior to 2021 due to the SEC's definition of accredited investor – a definition that did not apply to the retirement funds and APFC. Even with the SEC change, illiquid investments are still problematic for State funds subject to annual legislative changes.

| Callan Asset Classes | 2025 10-Year Geometric Return | 2024 10-Year Geometric Return | Return Change | Real Return | Standard Deviation | Correlation to Domestic Equity |
|----------------------------------|--|--|------------------|----------------|-----------------------|--------------------------------------|
| Broad U.S. Equity | 7.35% | 7.65% | -0.30% | 4.9% | 17.4% | 1.00 |
| Large Cap U.S. Equity | 7.25% | 7.50% | -0.25% | 4.8% | 17.0% | 1.00 |
| Small/Mid Cap U.S. Equity | 7.45% | 7.70% | -0.25% | 5.0% | 22.0% | 0.90 |
| International Equity | 7.45% | 7.65% | -0.20% | 5.0% | 21.3% | 0.77 |
| Developed ex-U.S. Equity | 7.25% | 7.50% | -0.25% | 4.8% | 20.2% | 0.73 |
| Emerging Market Equity | 7.45% | 7.70% | -0.25% | 5.0% | 25.7% | 0.78 |
| Cash Equivalents | 3.00% | 3.00% | 0.00% | 0.5% | 0.9% | -0.03 |
| Government 1-3 year Bonds | 4.00% | 4.25% | -0.25% | 1.5% | 2.4% | 0.04 |
| Core U.S. Fixed Income | 4.75% | 5.25% | -0.50% | 2.3% | 4.4% | 0.08 |
| TIPS | 4.55% | 5.05% | -0.50% | 2.1% | 5.4% | -0.04 |
| Emerging Market Sovereign Debt | 5.35% | 6.35% | -1.00% | 2.9% | 10.7% | 0.61 |
| High Yield | 6.00% | 6.80% | -0.80% | 3.5% | 11.8% | 0.76 |
| Core Real Estate | 6.25% | 6.00% | 0.25% | 3.8% | 14.0% | 0.37 |
| REITs | 6.95% | 7.15% | -0.20% | 4.5% | 15.2% | 0.77 |
| Private Equity | 8.50% | 8.75% | -0.25% | 6.0% | 27.6% | 0.80 |
| Private Credit | 7.25% | 7.40% | -0.15% | 4.8% | 15.7% | 0.66 |
| Hedge Funds | 5.70% | 6.05% | -0.35% | 3.2% | 8.2% | 0.61 |
| Inflation | 2.50% | 2.50% | 0.00% | | 1.6% | |

ASLC Investment Policy Review

Investment objectives and risk assessment

- Time horizon and cashflow needs:
 - Net cash outflows are expected to be reasonable for the planning horizon at less than 2% of assets per year.
 - As a result, the fund has a long time-horizon.
- Investment Objectives:
 - ASLC seeks a minimum return to cover operational expenses and provide downside loan protection. A target minimum return of 4% is required to cover operations and potential loan losses.
 - Future ASLC programs will benefit from inflation protection and asset growth over time.
- Capacity for loss:
 - ASLC should be able to tolerate short-to-mid-term losses and volatility to target higher long-term returns.
 - ASLC may be sensitive to abrupt increases in risk profile.

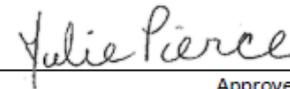
Conclusion and recommendation

- ASLC has the time horizon, investment objectives, and other attributes consistent with adopting a high risk-tolerance.
- The ASLC asset allocation should cover downside loan losses and potentially increase assets.
- No substantive change is recommended to the Investment Policy.

AY3S: DOR-Alaska Student Loan Corporation Investment Policy

| Investment Topic | FY 2025 | FY 2024 |
|---|--|--|
| Investment Objectives | Can tolerate high exposure of principal to loss in return for higher expected long-term returns. Limited current income requirement. Inflation protection desirable, but not required. Moderate liquidity requirement. | No change |
| Policy Risk/Loss Range | 10% Probable Annual Loss (10% cVaR) >5% | No Change |
| Time Horizon | Long | No Change |
| Asset Allocation | Broad U.S. Equity 22% ± 5% International Equity 14% ± 5% U.S. REITs 3% ± 5% Core U.S. Fixed Income 60% ± 5% <small>*may include up to 15% in tactical fixed income</small> Cash Equivalents 1% - 1%/+2% | 22% ± 5% 14% ± 5% 3% ± 5% 60% ± 5% 1% - 1%/+2% |
| Expected Return - Long-Term | 6.51% | 5.85% |
| Expected Real Return - Long Term | 4.01% | 3.35% |
| Risk - Standard Deviation | 7.57% | 7.54% |
| Probability of Loss - 1 Year | 19.5% | 21.9% |
| 10% Probability of Annual Loss (10% cVaR) | -6.8% | -7.4% |
| Implementation | Reassess the investment policy and asset allocation annually. | |

The proposed policy is effective July 1, 2024



Approved

5/13/24

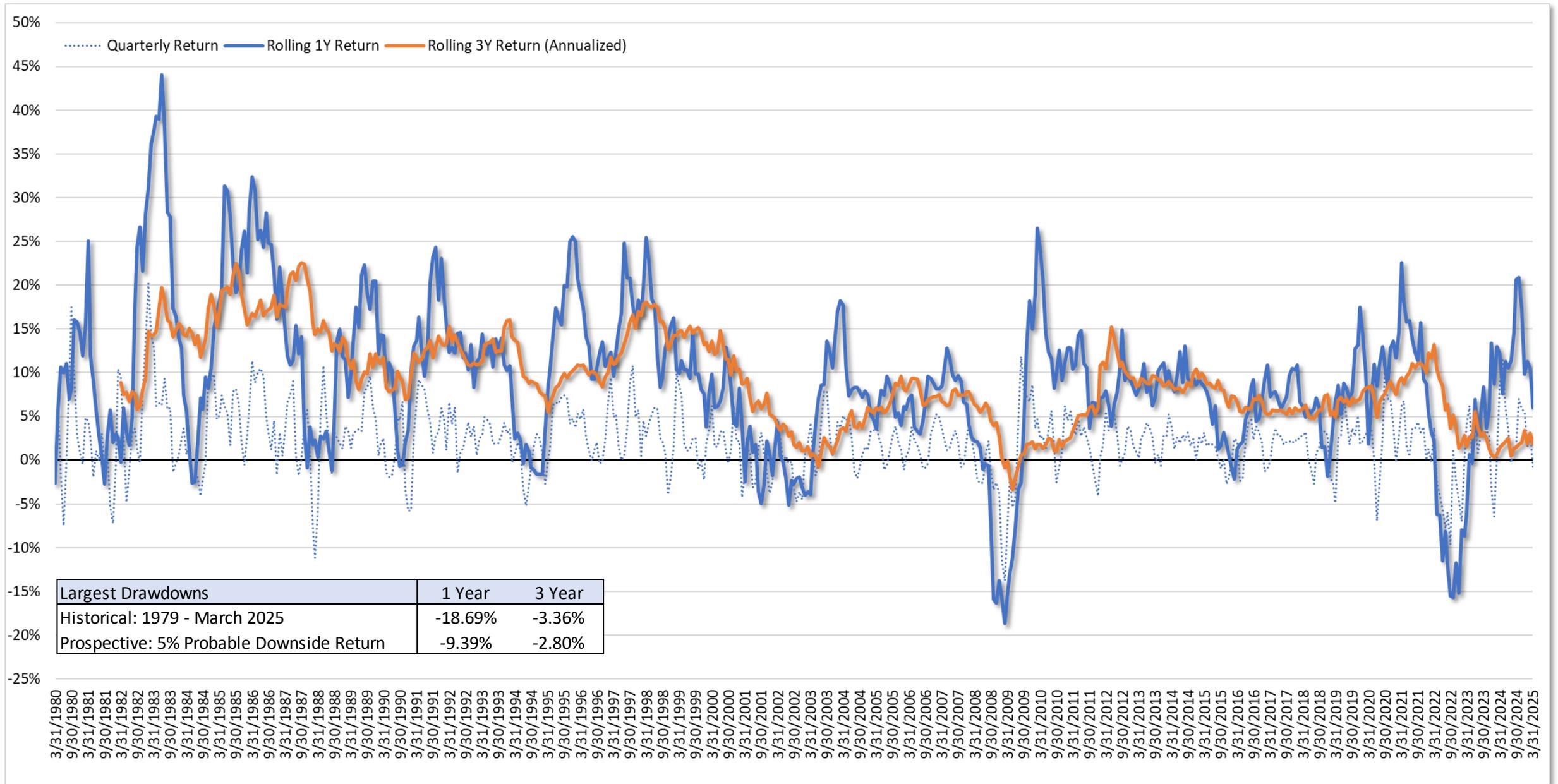
Date

Risk Spectrum with ASLC and other SOA Funds

| Asset Classes | Short-Term Lowest | Short-Term Low | Short-Term Moderate | 20/80 | 30/70 | ASLC | 50/50 | 60/40 | Endowment |
|---|----------------------|-------------------|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Equity - Broad US | | | 4.0% | 20.0% | 30.0% | 22.0% | 50.0% | 60.0% | 39.0% |
| Equity - Global ex-US | | | 2.0% | | | 14.0% | | | 25.0% |
| Equity - REITS | | | | | | 3.0% | | | 5.0% |
| Fixed Income - Core US | | | | 80.0% | 70.0% | 60.0% | 50.0% | 40.0% | 30.0% |
| Fixed Income - Short Term | | 15.0% | 33.0% | | | | | | |
| Fixed Income - Cash Equivalents | 100% | 85.0% | 61.0% | | | 1.0% | | | 1.0% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Expected Return | 3.00% | 3.15% | 3.69% | 5.49% | 5.82% | 6.18% | 6.39% | 6.63% | 6.98% |
| Expected Return - Real/After Inflation | 0.50% | 0.65% | 1.19% | 2.99% | 3.32% | 3.68% | 3.89% | 4.13% | 4.48% |
| Risk - Standard Deviation | 0.90% | 0.93% | 1.51% | 5.15% | 6.27% | 7.56% | 9.13% | 10.70% | 12.38% |
| Sharpe Ratio | (0.00) | (0.03) | 0.14 | (0.00) | (0.03) | (0.00) | (0.03) | 0.14 | (0.00) |
| Risk Statistics: | | | | | | | | | |
| 10% Probable Downside Return - 1 Year | 1.4% | 1.5% | 1.0% | -3.5% | -5.2% | -7.1% | -9.6% | -12.1% | -14.7% |
| 5% Probable Downside Return - 1 Year | 1.1% | 1.2% | 0.6% | -5.1% | -7.1% | -9.4% | -12.4% | -15.4% | -18.5% |
| 5% Probable Downside Return - 3 Year | 1.9% | 2.0% | 1.9% | -0.6% | -1.6% | -2.8% | -4.4% | -6.1% | -7.7% |
| 5% Probable Downside Return - 5 Year | 2.2% | 2.3% | 2.3% | 0.8% | 0.1% | -0.8% | -2.0% | -3.2% | -4.4% |
| Probability of Loss - 1 Year | 0.0% | 0.0% | 0.7% | 14.2% | 17.6% | 20.6% | 24.1% | 26.7% | 28.5% |
| Prob. Return < -1% | 0.0% | 0.0% | 0.1% | 10.3% | 13.8% | 17.0% | 20.8% | 23.7% | 25.8% |
| Prob. Return < -5% | 0.0% | 0.0% | 0.0% | 2.1% | 4.2% | 6.9% | 10.5% | 13.8% | 16.6% |
| Prob. Return < -20% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.2% | 0.6% | 1.5% |
| Probability of Loss - 10 Year | 0.0% | 0.0% | 0.0% | 0.0% | 0.2% | 0.5% | 1.3% | 2.4% | 3.6% |
| Asset Time Horizon Estimate | 0.3 | 0.5 | 1.2 | 6.0 | 6.0 | 5.9 | 6.0 | 6.0 | 5.9 |
| Dollars: (\$Millions) | | | | | | | | | |
| Assets | 133.4 | 133.4 | 133.4 | 133.4 | 133.4 | 133.4 | 133.4 | 133.4 | 133.4 |
| Expected Annual Earnings | 4.0 | 4.2 | 4.9 | 7.3 | 7.8 | 8.2 | 8.5 | 8.8 | 9.3 |
| 1-Year 10% Probable Return (10% cVaR) | 1.9 | 2.0 | 1.4 | (4.7) | (6.9) | (9.4) | (12.8) | (16.2) | (19.6) |
| 1-Year 5% Probable Return (5% cVaR) | 1.5 | 1.7 | 0.8 | (6.8) | (9.5) | (12.5) | (16.5) | (20.6) | (24.7) |
| 3-Year 5% Probable Return (5% cVaR) | 2.6 | 2.7 | 2.5 | (0.8) | (2.2) | (3.7) | (5.9) | (8.1) | (10.3) |

Table uses Callan's long-term CMA's for all risk profiles

Historical Performance of a 40% Equity / 60% Fixed Income Portfolio



Proposed FY26 Investment Policy

| State of Alaska Asset Allocation | | | |
|---|--------------|--------------|--------------|
| Asset Classes | FY25 | FY26* | 40/60 |
| Equity - Broad US | 22% | 22% | 40% |
| Equity - Global ex-US | 14% | 14% | |
| Equity - REITS | 3% | 3% | |
| Fixed Income - Short Term | | | |
| Fixed Income - Core US | 60% | 60% | 60% |
| Fixed Income - Cash Equivalents | 1% | 1% | |
| Total | 100% | 100% | 100% |
| Optimization Results: | | | |
| Expected Return - Long-Term | 6.51% | 6.18% | 6.12% |
| Expected Return - Real/After Inflation | 4.01% | 3.68% | 3.62% |
| Risk - Standard Deviation | 7.57% | 7.56% | 7.63% |
| Sharpe Ratio | 0.46 | (0.00) | (0.03) |
| Risk Statistics: | | | |
| 10% Probable Downside Return - 1 Year | -6.8% | -7.1% | -7.2% |
| 5% Probable Downside Return - 1 Year | -9.1% | -9.4% | -9.6% |
| 5% Probable Downside Return - 3 Year | -2.5% | -2.8% | -2.9% |
| 5% Probable Downside Return - 5 Year | -0.5% | -0.8% | -0.9% |
| Probability of Loss - 1 Year | 19.5% | 20.6% | 21.0% |
| Prob. Return < -5% | 6.4% | 6.9% | 7.2% |
| Prob. Return < -10% | 1.5% | 1.6% | 1.7% |
| Prob. Return < -20% | 0.0% | 0.0% | 0.0% |
| Probability of Loss - 10 Year | 0.3% | 0.5% | 0.5% |
| Asset Time Horizon Estimate | 5.9 | 5.9 | 6.0 |
| Dollars: (\$Millions) | | | |
| Assets | 116.5 | 133.4 | 133.4 |
| Expected Annual Earnings | 6.1 | 8.2 | 8.2 |
| 1-Year 10% Probable Return (10% cVaR) | (7.7) | (9.4) | (9.7) |
| 1-Year 5% Probable Return (5% cVaR) | (10.1) | (12.5) | (12.8) |
| 5-Year 5% Probable Return (5% cVaR) | (1.2) | (1.0) | (1.2) |

*current asset allocation with updated capital market assumptions

AY35: DOR-Alaska Student Loan Corporation Investment Policy

| Investment Topic | FY 2026 | | | | | | | | | | | | | | | | | | |
|--|--|-------------------|-----|------|-----------------------|-----|------|----------------|----|------|-------------------------|-----|------|---------------------------------|----|------|-------|------|--|
| Investment Objectives | Can tolerate high exposure of principal to loss in return for higher expected long-term returns. Limited current income requirement. Inflation protection desirable, but not required. Moderate liquidity requirement. | | | | | | | | | | | | | | | | | | |
| Policy Risk/Loss Range | 10% Probable Downside Return - 1 Year < -5% | | | | | | | | | | | | | | | | | | |
| Time Horizon | Long | | | | | | | | | | | | | | | | | | |
| Asset Allocation | <table border="0"> <tr> <td>Equity - Broad US</td> <td>22%</td> <td>± 5%</td> </tr> <tr> <td>Equity - Global ex-US</td> <td>14%</td> <td>± 5%</td> </tr> <tr> <td>Equity - REITS</td> <td>3%</td> <td>± 3%</td> </tr> <tr> <td>Fixed Income - Core US*</td> <td>60%</td> <td>± 5%</td> </tr> <tr> <td>Fixed Income - Cash Equivalents</td> <td>1%</td> <td>± 1%</td> </tr> <tr> <td>Total</td> <td>100%</td> <td></td> </tr> </table> <p>Note: *may include up to 15% in tactical fixed income</p> | Equity - Broad US | 22% | ± 5% | Equity - Global ex-US | 14% | ± 5% | Equity - REITS | 3% | ± 3% | Fixed Income - Core US* | 60% | ± 5% | Fixed Income - Cash Equivalents | 1% | ± 1% | Total | 100% | |
| Equity - Broad US | 22% | ± 5% | | | | | | | | | | | | | | | | | |
| Equity - Global ex-US | 14% | ± 5% | | | | | | | | | | | | | | | | | |
| Equity - REITS | 3% | ± 3% | | | | | | | | | | | | | | | | | |
| Fixed Income - Core US* | 60% | ± 5% | | | | | | | | | | | | | | | | | |
| Fixed Income - Cash Equivalents | 1% | ± 1% | | | | | | | | | | | | | | | | | |
| Total | 100% | | | | | | | | | | | | | | | | | | |
| Expected Return - Long-Term | 6.18% | | | | | | | | | | | | | | | | | | |
| Expected Return - Real/After Inflation | 3.68% | | | | | | | | | | | | | | | | | | |
| Risk - Standard Deviation | 7.56% | | | | | | | | | | | | | | | | | | |
| 10% Probable Downside Return - 1 Year | -7.1% | | | | | | | | | | | | | | | | | | |
| 5% Probable Downside Return - 1 Year | -9.4% | | | | | | | | | | | | | | | | | | |
| Probability of Loss - 1 Year | 20.6% | | | | | | | | | | | | | | | | | | |
| Implementation | Reassess the investment policy and asset allocation annually. | | | | | | | | | | | | | | | | | | |

The investment policy is effective July 1, 2025

Approved

Date



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Questions?



May 2025

Zachary Hanna, CFA
Chief Investment Officer, Treasury Division
Alaska Department of Revenue



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: Kerry Thomas, Acting Executive Officer
From: Julie Pierce, Chief Finance Officer
Date: May 8, 2025
Re: Chief Finance Officer Report – Information Only

FY2025 Audit

Included with your packet is a copy of the engagement letter for the annual financial statement and federal single audit for the fiscal year ended June 30, 2025. The most recent peer review report with a rating of pass is also included for information. In addition, an informational summary related to non-attest services is provided.

Audit fieldwork is scheduled for the week of August 25th and the audited Financial Statements are expected to be finalized by the beginning of October. The audited Financial Statements will be presented by our auditors, Elgee Rehfeld LLC, at the next ASLC Board meeting following statement finalization.

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.



Elgee Rehfeld

Certified Public Accountants

elgeerehfeld.com
(907) 789-3178

9309 Glacier Highway, Suite B-200
Juneau, Alaska 99801

April 9, 2025

Julie Pierce, Chief Financial Officer
Alaska Student Loan Corporation
3030 Vintage Blvd.
Juneau, AK 99801

Dear Julie:

You have requested that we audit the financial statements of the net position, statement of revenues, expenses and changes in net position and cash flows of Alaska Student Loan Corporation (the Corporation), as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In addition, we will audit the entity's compliance over major federal award programs for the period ended June 30, 2025, but as permitted by U.S. Office of Management and Budget's Compliance Supplement for the Federal Family Education Loans – Lender, Assistance Listing Number 84-032L program, Other Information - Use of Third Party Servicers section, we may not audit the Corporation's compliance with the compliance requirements applicable to the Federal Family Education Loans – Lender, Assistance Listing Number 84-032L that the third party servicer's attestation examination includes in their report for the period of July 1, 2024 through June 30, 2025.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal award programs. The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS), *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives of our compliance audit are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and *Government Auditing Standards*, if any, and perform procedures to address those requirements.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis

Schedule of Expenditures of Federal Awards

We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedules to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements as a whole.

Audit of the Financial Statements

We will conduct our audits in accordance with GAAS, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As part of an audit of financial statements in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS, *Government Auditing Standards* of the Comptroller General of the United States of America, and the Uniform Guidance. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the Corporation's basic financial statements. Our report will be addressed to the governing body of the Corporation. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Audit of Major Program Compliance

Our audit of the Corporation's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. As permitted by U.S. Office of Management and Budget's Compliance Supplement for the Federal Family Education Loans – Lender, Assistance Listing Number 84-032L program, Other Information, Use of Third Party Servicers section, we may not audit the Corporation's compliance with the compliance requirements applicable to the Federal Family Education Loans – Lender, Assistance Listing Number 84-032L that the third party servicer's attestation examination includes in their report for the period of July 1, 2024 through June 30, 2025. We cannot provide assurance that an

unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the entity's compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal programs as a whole.

As part of a compliance audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal programs and, performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs, and performing such other procedures as we consider necessary in the circumstances. As permitted by U.S. Office of Management and Budget's Compliance Supplement for the Federal Family Education Loans – Lender, Assistance Listing Number 84-032L program, Other Information, Use of Third Party Servicers section, we may not audit the Corporation's compliance with the compliance requirements applicable to the Federal Family Education Loans – Lender, Assistance Listing Number 84-032L that the third party servicer's attestation examination includes in their report for the period of July 1, 2024 through June 30, 2025. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal award programs, and a report on internal controls over

compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying, in its accounts, all federal awards received and expended during the period and the federal programs under which they were received;
4. For maintaining records that adequately identify the source and application of funds for federally funded activities;
5. For preparing the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance;
6. For designing, implementing, and maintaining effective internal control over federal awards that provides reasonable assurance that the entity is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards;
7. For identifying and ensuring that the entity complies with federal laws, statutes, regulations, rules, provisions of contracts or grant agreements, and the terms and conditions of federal award programs, and implementing systems designed to achieve compliance with applicable federal statutes, regulations, and the terms and conditions of federal award programs;
8. For disclosing accurately, currently, and completely the financial results of each federal award in accordance with the requirements of the award;
9. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
10. For taking prompt action when instances of noncompliance are identified;
11. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
12. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
13. For submitting the reporting package and data collection form to the appropriate parties;
14. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
15. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including the disclosures, and relevant to federal award programs, such as records, documentation, and other matters;
 - b. Additional information that we may request from management for the purpose of the audit;

- c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
 - d. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
 - e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
16. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
 17. For acceptance of nonattest services such as financial statement preparation, including identifying the proper party to oversee nonattest work;
 18. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
 19. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance;
 20. For the accuracy and completeness of all information provided;
 21. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
 22. For confirming management's understanding of their responsibilities as defined in this letter to us in a management representation letter.

With regard to the schedule of expenditures of federal awards referred to above, you acknowledge and understand your responsibility (a) for the preparation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance and, (b) to provide us with the appropriate written representations regarding the schedule of expenditures of federal awards, (c) to include our report on the schedule of expenditures of federal awards in any document that contains the schedule of expenditures of federal awards and that indicates that we have reported on such schedule, and (d) to present the schedule of expenditures of federal awards with the audited financial statements, to make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by you of the schedule and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Nonattest Services

With respect to any nonattest services we perform (such as financial statement preparation assistance), the Corporation's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

We will not assume management responsibilities on behalf of the Corporation. However, we will provide advice and recommendations to assist management of the Corporation in performing its responsibilities.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

Limitation of Liability

In no event will Elgee Rehfeld, LLC be liable for any consequential, special, indirect, incidental, punitive, or exemplary losses, damages, or expenses, regardless of whether or not Elgee Rehfeld, LLC has been advised of the possibility of such damages. In circumstances where all or any portion of the provisions of this Agreement are finally judicially determined to be unavailable, void, or impermissible for any reason, the aggregate liability of Elgee Rehfeld, LLC for any Claim shall not exceed the amount of compensation Elgee Rehfeld, LLC received pursuant to the terms of this Agreement.

Other

Karen Tarver is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Elgee Rehfeld's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. We will contact you regarding the audit start date, and will issue our reports no later than sixty days subsequent to the receipt of all data and schedules.

We estimate that our fees for these services will be \$42,690 for the audit, as included in our proposal dated April 21, 2020. You will also be billed for other out-of-pocket costs such as report production, typing, postage, etc. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, our fees will exceed the preliminary estimate. We utilize a web portal, Suralink, to request date specific items that need to be provided to us to complete the audit. These include items from you, and possibly others. Our fee quote assumes that you agree to provide the items we request in Suralink by the dates specified and monitor Suralink to meet these dates. Our experience has been that when items are provided late, it adds to the time and cost of the audit. We will bill you for additional time.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes sixty days or more overdue and may not be resumed until your account is paid in full. A finance charge of 1% per month (12% annually) will be assessed to all accounts over sixty days old. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we had not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

During the course of the engagement, we may communicate with you or your personnel via our portal (Suralink), email, and Zoom, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

The audit documentation for this engagement is the property of Elgee Rehfeld, LLC and constitutes confidential information. However, we may be requested to make certain audit documentation available to federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Elgee Rehfeld, LLC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

You agree that any dispute (other than our efforts to collect outstanding invoice) that may arise regarding the meaning, performance or enforcement of this engagement or any prior engagement that we have performed for you, will, prior to resorting to litigation, be submitted to mediation, and that the parties will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. Any mediation initiated as a result of this engagement shall be administered within the State of Alaska, by local chapter of the American Arbitration Association, according to its mediation rules, and any ensuing litigation shall be conducted within Alaska, according to Alaska law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of mediation shall be shared equally by the participating parties.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to management the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

Please sign and return the attached copy of this letter (electronic copy via email is fine) to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements compliance over major federal award programs including our respective responsibilities.

We appreciate the opportunity to be your auditors and look forward to working with you and your staff.

Sincerely,



Elgee Rehfeld, LLC

RESPONSE:

This letter correctly sets forth our understanding.

Alaska Student Loan Corporation

Acknowledged and agreed on behalf of Alaska Student Loan Corporation by:

Name: Julie Pierce

Title: Chief Financial Officer

Date: 4/9/25

ATTACHMENT A



3702 KERN ROAD
YAKIMA, WA 98902
509 575 1040 P
509 457 2145 F

Report on the Firm's System of Quality Control

To the Partners of Elgee Rehfeld, LLC and the
Peer Review Committee of the California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Elgee Rehfeld, LLC (the firm) in effect for the year ended April 30, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under Government Auditing Standards, including a compliance audit under the Single Audit Act and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Elgee Rehfeld, LLC in effect for the year ended April 30, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Elgee Rehfeld, LLC has received a peer review rating of *pass*.

Petersen CPAs + Advisors, PLLC

October 24, 2023

AUDIT | ACCOUNTING | TAX



Elgee Rehfeld

Certified Public Accountants

elgeerehfeld.com
(907) 789-3178

9309 Glacier Highway, Suite B-200
Juneau, Alaska 99801

April 9, 2025

Julie Pierce, Chief Financial Officer
Alaska Student Loan Corporation
3030 Vintage Blvd.
Juneau, AK 99801

As certified public accountants who perform attest services (those in which we issue an opinion on your financial statements), and also perform other non-attest (bookkeeping or other services such as tax preparation services), it is important for us to maintain our independence under our professional standards. We are required to communicate this requirement to you as well as the types of services that we can and cannot provide in order to maintain that independence.

With respect to any non-attest services, such as financial statement and schedule preparation, we perform, you are responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

An outline of common non-attest (non-audit) services we are allowed to perform under ET Section 101 (independence requirements) and likewise, services we may not perform, because they would impair our independence with you, as an attest client is included below. This letter covers services that may be provided during calendar years 2025 and 2026.

Bookkeeping Services:

We may:

- Record transaction for which management has determined or approved the appropriate account classification, or post coded transaction to a client's general ledger.
- Prepare financial statements based on information in the trial balance.
- Post client-approved entries to a client's trial balance.
- Propose standard, adjusting, or correcting journal entries or other change affecting the financial statements to the client, provided the client reviews the entries and the member is satisfied that management understands the nature of the proposed entries and the impact the entries have on the financial statements.

We may not:

- Determine or change journal entries, account codings or classification for transactions, or other accounting records without obtaining client approval.
- Authorize or approve transactions.
- Prepare source documents.

- Make changes to source documents without client approval.

Non Tax Disbursements:

We may:

- Using payroll time records provided and approved by the client, generate unsigned checks, or process client's payroll.
- Transmit client-approved payroll or other disbursement information to a financial institution provided the client has authorized the member to make the transmission and has made arrangements for the financial institution to limit the corresponding individual payments as to amount and payee. In addition, once transmitted, the client must authorize the financial institution to process the information.

We may not:

- Accept responsibility to authorize payment of client funds, electronically or otherwise, except as specifically provided for with respect to electronic payroll tax payments.
- Accept responsibility to sign or cosign client checks, even if only in emergency situations.
- Maintain a client's bank account or otherwise have custody of a client's funds or make credit or banking decisions for the client.
- Approve vendor invoices for payment.

Computer Systems Design, Installation or Integration

We may:

- Install or integrate a client's financial information system that was not designed or developed by us (e.g., an off-the-shelf accounting package).
- Assist in setting up the client's chart of accounts and financial statement format with respect to the client's financial system.
- Design, develop, install, or integrate a client's information system that is unrelated to the client's financial statements or accounting records.
- Provide training and instruction to client employees on an information and controls system.

We may not:

- Design or develop a client's financial information system.
- Make other than insignificant modifications to source code underlying a client's existing financial information system.
- Supervise client personnel in the daily operation of a client's information system.
- Operate a client's local area network (LAN) system.

Tax Compliance Services

We may:

- Prepare and transmit a tax return, provided that we do not have custody or control over the client's funds and the individual designated by the client to oversee the tax services: (1) Reviews and approves the tax return and related tax payment; and, (2) if required for filing, signs the tax return prior to us transmitting the return to the taxing authority.

Should we provide any of the allowable services, as outlined above, none of the services can be relied on to disclose errors, fraud, or illegal acts that may exist. However, we will inform you of any material errors and of any evidence or information that comes to our attention during the performance of the engagement that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our procedures which indicates that illegal acts may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

We will issue an engagement letter covering attest services (audit, review, compilation, agreed upon procedures), and the specific non-attest services we are engaged to provide by you. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of that engagement letter.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the types of services our firm may provide for you. If you have any questions, please let us know.

Sincerely,

Elgee Rehfeld

Elgee Rehfeld, LLC



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 Members

Thru: Kerry Thomas, Acting Executive Officer

From: Julie Pierce, Chief Finance Officer

Date: May 8, 2025

Re: Proposed 2025-2026 Interest Rates for Variable Rate Alaska Supplemental Education Loans

Pursuant to AS 14.42.215 and 20 AAC 14.050, the Corporation sets the annual interest rates for variable rate Alaska Supplemental Education Loans (ASEL) on or after May 1 of each year. These rates will be in effect for the 12-month period beginning July 1, 2025 and ending June 30, 2026.

The Corporation issued variable rate ASEL loans from July 1, 2002, through June 30, 2006. The Corporation no longer originates variable rate ASEL loans.

Corporation regulations specify the ASEL variable interest rates be based on “the bond equivalent rate of the 91-day U.S. Treasury bills auctioned at the final auction held before May 1 of the loan year plus up to 2.8 percent.” The final auction held before May 1st was held on April 28, 2024 with an issuance date of May 1, 2025.

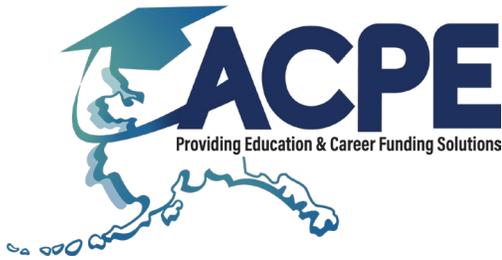
Staff recommend the interest rate for variable rates for ASEL loans be set as follows for the 12-month period beginning July 1, 2025:

1. During the in-school period and applicable grace and deferment periods, 7.00%¹ (91-day U.S. Treasury Bill rate set based on April 28th auction of 4.30% plus 2.70 %.)
2. During the repayment period and applicable forbearance periods, 7.10%¹, (91-day U.S. Treasury bill rate set based on April 28th auction of 4.30% plus 2.80 %.)

Requested Motion:

Move approval of variable interest rates for variable rate ASEL loans as recommended by staff.

¹ The base rate has been rounded to the nearest tenth of a percent, consistent with past practice.



Alaska Commission on Postsecondary Education

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

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

MEMORANDUM

TO: Members, Alaska Commission on Postsecondary Education
FROM: Kerry Thomas, Acting Executive Director
DATE: March 25, 2025
SUBJECT: Executive Director Report

It has been a busy quarter at the Commission as we focus on the continued implementation of the Alaska Performance Scholarship program changes resulting from the passage of HB 148, legislative session, and implementation of annual loan program changes. Progress continues on these items, in addition to other routine and strategic projects, at the same time as a number of staffing changes and position vacancies have occurred.

Legislative Session:

I have provided testimony in a number of committee hearings, including the House Education Committee, House Finance Education & Early Development Subcommittee, and Senate Finance Education & Early Development Subcommittee. ACPE is tracking several education bills and provides commission members periodic updates via an email newsletter. As required in statute, the 2025 Alaska Performance Scholarship Outcomes Report was transmitted to the legislature in late January. Given the large increase in APS eligibility and use seen this year, we have requested additional funding for FY25 and FY26, which is considered and approved through the legislative budget process.

Federal Update:

ACPE staff are tracking federal developments to determine impacts to students, institutions, and the State of Alaska. Recently, there were two federal announcements of note: the [reduction in workforce](#) action at the U.S. Department of Education on March 11th and the [President's Executive Order](#) to dismantle the [U.S. Department of Education](#) on March 20th. Both announcements included assurances that subsequent actions will not result in the elimination of statutory federal funding for programs including: K-12 funding, programmatic funding for students with special needs, postsecondary student loans, Pell Grant funding, and other such programming. ACPE will continue to monitor any forthcoming details related to these matters and will keep the Commission informed of developments and impacts.

Strategic Planning:

In February, senior managers had a one day in person strategic planning meeting. The focus areas of this meeting were to evaluate progress toward meeting established goals, discuss active and upcoming projects and related resource assignments, and review updated financial projections. The

quarterly dashboard was updated to reflect the latest data as of December 31, 2024 and is included following this report for your information. A new key performance indicator (KPI-13 Trends in employee satisfaction ratings) was included in this version and includes the results of the recent employee satisfaction survey.

Employee Satisfaction Survey:

ACPE partnered with Qualtrics, a third-party experience management and survey software company, to develop an Employee Engagement Survey. The goal of the survey was to gather baseline data on employee satisfaction to track KPIs and meet our key strategic goal of fostering an environment where employees thrive as the agency evolves. The survey measures five categories, including Engagement, Experience vs Expectation, Intent to Stay, Inclusion, and Well-being, as well as 25 drivers that influence these categories. The survey was launched on October 29, 2025 and closed on November 12, 2025. The survey response rate was 74% (31 out of 42 employees). Senior Managers have met to review the results in detail and to start developing an action plan. Three topics have been identified as focus areas: physical workspace improvements, training & development, and transparent communication. The high-level results of the survey were shared with staff at the ACPE Winter Quarter All-Staff Meeting. ACPE intends to repeat this survey annually to monitor changes and track trends in the data and we will continue to incorporate these results into our KPI Dashboard.

Alaska Student Loan Corporation Meeting:

The Corporation Board met on February 6, 2025 to review annual and aggregate loan limits and set interest rates for the 2025-2026 academic year. The following items were approved at the meeting:

- Maintain current annual and aggregate in-school loan limits of \$24,000 and \$96,000
- Alaska Supplemental Education Loan interest rate reductions of 0.5% compared to prior year interest rates for the mid and high FICO tiers; maintain the current interest rate for the low FICO tier
- Refinance loan interest rate reductions of 0.2% compared to the prior year interest rates for the mid and high FICO tiers; maintain the current interest rate for the low FICO tier

The Corporation's next scheduled meeting is on May 8, 2025 to approve variable interest rates and annual updates to the investment policy.

Professional Organization Meetings/Presentations:

Over the past quarter, I attended a number of meetings and presentations related to higher education, legislative session, and federal changes. A summary of those meetings follows:

- Monthly meetings with Education Finance Council (EFC)
- Bi-weekly meetings with UA Vice Presidents Brian Smentkowski and Michelle Rizk
- Alaska Statewide Education Leaders meeting, facilitated by the Alaska Council of School Administrators
- Monthly meetings with the Alaska Performance Scholarship Cross Agency Workgroup
- Federal updates meetings, hosted by the State Higher Education Executive Officers Association (SHEEO)
- Attendance at EFC's Annual Membership Conference

Human Resources Update:

Recruitment efforts and staff changes over the last quarter resulted in the promotion of one employee and the separation of one employee. Lorela Ackerman was appointed to Accounting Technician 3 on March 17, 2025. Ms. Ackerman has worked for the Commission since 2014, most recently as an Accounting Technician 2. Dannielle Erickson, Executive Secretary, resigned from the Commission on January 10, 2025 after almost three years of service.

Currently, ACPE has 41 positions filled: 10 in Anchorage, 31 in Juneau. The breakdown of filled positions by divisions is as follows: ISS-9, Finance-10, Program Operations-14, Outreach-7, and Executive Office-1.

At present, ACPE has 11 vacant positions. The breakdown of vacant positions by division is as follows: ISS-1, Finance-4, Program Operations-3, Outreach-1, and Executive Office-2. Recruitment efforts are underway for an Accountant 5 and a College Intern for Finance, and an Executive Director, Executive Secretary, and Administrative Assistant for the Executive Office.

ACPE has 52 PCNs, including 11 in Anchorage and 41 in Juneau. Management continues to review all vacant positions for future need including possible deletion or reclassification to retain the flexibility needed to provide support for agency initiatives.

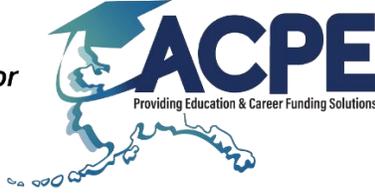
ACPE is currently comprised of 26 females (63%) and 15 males (37%) as compared to the statewide employee breakdown of 7,021 females (48%) and 7,543 males (52%). The average age of ACPE employees is 46.9 years as compared to the statewide average of 43.5 years. The racial and ethnic demographics of ACPE employees are White (85%) and minorities (15%) as compared to statewide demographics of White (73%) and minorities (27%). See [State of Alaska Workforce Profile Fiscal Year 2024](#) for additional information.

Attachments:

Press release – APS Outcomes Report
 APS Roles and Responsibilities Infographic
 KPI Dashboard – Q2 FY2025
 Employee Survey Dashboard

ACPE PRESS RELEASE

Kerry Thomas
 Acting Executive Director
 907-465-6740
 acpe.alaska.gov



FOR IMMEDIATE RELEASE

Alaska Performance Scholarship Outcomes Report Available

Juneau, Alaska – The Alaska Performance Scholarship (APS) [2025 Outcomes Report](#) and the [APS Outcomes Report At-A-Glance](#) publications are now available for review. The APS Outcomes Report provides eligibility and usage trends since program inception as well as promising outcomes related to the 2024 APS legislation changes. Highlights from the 2025 APS Outcomes Report include:

- Record-breaking increases to eligibility and award disbursement rates
- Graduation and completion rates of APS recipients
- Alaska resident retention of APS recipients in support of Alaska’s workforce needs

“Since the APS legislation changes were enacted last summer, we are encouraged to see the improving trends across APS eligibility and usage for our state. APS students are more prepared to enter postsecondary programming and attend, persist, and complete at high rates. Ultimately, these trends support the future economic and workforce needs of Alaska. ACPE commends the Alaska Legislature, State agencies, and secondary and postsecondary education stakeholders for their efforts to increase access to and utilization of the Alaska Performance Scholarship,” said ACPE Acting Executive Director, Kerry Thomas.

To review the Alaska Performance Scholarship Outcomes Report and other ACPE publications, visit acpe.alaska.gov/reports.

ABOUT ACPE:

Funded by the Alaska Student Loan Corporation, ACPE provides sustainable solutions for college, career and technical training.

ACPE PROVIDES:

- Postsecondary education planning tools and resources
- Advocacy and support for postsecondary participation in Alaska
- Financial aid for college and career training
- Education consumer protection through Institutional Authorization and complaint investigation

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Alaska Commission on Postsecondary Education APS Partner **Roles & Responsibilities**

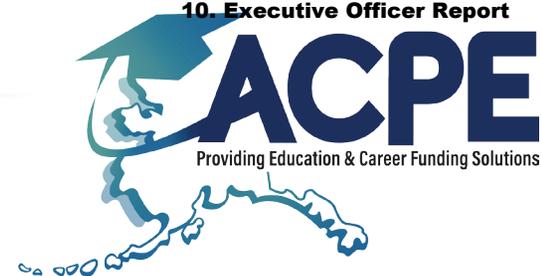
Established in Statute – AS 14.43.810-849 and AS 14.03.113

TIMELINE

| By JULY 15 | By MID-AUGUST | By AUGUST 15 | Varies by Institution | At School Request | By Dec 31 | |
|--|--|---|---|---|--|---|
| By Jan 15 | | | | | | |
| 9th/10th grade students receive APS information. | ALASKA SCHOOL DISTRICTS report individual student eligibility status to DEED. | DEED transmits student eligibility data to ACPE. | ACPE notifies incoming seniors & recent graduates of APS eligibility. ACPE coordinates with postsecondary institutions to certify APS eligible student enrollment for recent graduates. | POSTSECONDARY INSTITUTION certifies student enrollment and cost of attendance. | ACPE disburses award to institution on behalf of student. | 11th grade students receive notice of remaining APS requirements. |

ROLES & RESPONSIBILITIES

| | — ELIGIBILITY DETERMINATION — | — DATA REPORTING — | — PROGRAM AWARENESS & ELIGIBILITY COMMUNICATIONS — |
|--|--|--|--|
| 1 Alaska School Districts | <ol style="list-style-type: none"> Determines student APS eligibility and award level Reports eligibility to DEED | <ol style="list-style-type: none"> BY JULY 15: Provides required eligibility data to DEED | <ol style="list-style-type: none"> BY JANUARY 15: Provide information about APS to 9th and 10th grade students BY DECEMBER 31: Notify 11th grade students of remaining academic requirements each student must meet to be awarded APS Provide requirements to increase award levels |
| 2 Alaska Department of Education & Early Development (DEED) 4 AAC 43 | <ol style="list-style-type: none"> Establishes high school curriculum requirements Records student's APS eligibility & level | <ol style="list-style-type: none"> BY MID-AUGUST: Provides high school eligibility report to ACPE Provides continuous student eligibility changes and/or corrections to ACPE | <ol style="list-style-type: none"> Provides written notice of eligibility and level to students <i>not</i> enrolled in public school program |
| 3 Alaska Commission on Postsecondary Education (ACPE) 20 AAC 16 Article 2 | <ol style="list-style-type: none"> Matches student FAFSA data to DEED eligibility information Updates the Alaska Student Aid Portal (ASAP) Provides postsecondary institutions a list of APS-eligible students planning to attend their school Ensures post-secondary institutions certify student enrollment and continuing eligibility Determines ongoing eligibility | <ol style="list-style-type: none"> BY AUGUST 15: Provides Certification rosters to postsecondary institutions after files are received from DEED Provides Continuing Eligibility rosters to postsecondary institutions at the end of the term | <ol style="list-style-type: none"> Outreach and eligibility communications prior to high school graduation Ongoing communications after high school Stakeholder communications |
| 4 Postsecondary Institutions | <ol style="list-style-type: none"> Monitor and record eligibility of enrolled students Collaborate with DEED, DOLWD, and ACPE to record, share data, and prepare annual reports to the public, governor, and legislature | <ol style="list-style-type: none"> Certify student's eligibility for an APS disbursement Certify student's eligibility for an increased award | Varies by institution |
| 5 Department of Labor & Workforce Development (DOLWD) 8 AAC 81 | <ol style="list-style-type: none"> Certifies that CTE programs are eligible to participate in the APS program (<i>CTE school must be located in Alaska and apply to participate in the APS with ACPE</i>) | As needed | Varies |



Strategic Plan: Alaska Commission on Postsecondary Education

Key Performance Indicator (KPI) Dashboard

DASHBOARD

STRATEGIC PRIORITIES:

- P1** Become the education lender of choice in Alaska and for Alaskans. **KPI 1, 2, 6, 7, 8**
- P2** Increase access to, and utilization of federal and state education funding sources. **KPI 1, 3, 4, 6, 7**
- P3** Operate a sustainable organization responsive to students, customers, stakeholders, and employees. **KPI 1, 9, 10, 11, 12, 13, 14**
- P4** Position ACPE to help bridge the gap in Alaska's current and future workforce needs. **KPI 5, 15, 16**

Dashboard Key

- Measurable Target
- Current Status

Strategic priorities are achieved by meeting the seven goals. Progress towards meeting each goal is measured by the KPIs. *Target values based on FY24 totals (data from 7/1/23 to 6/30/24, unless otherwise indicated). Current statuses reflect data from 7/1/24 to 12/31/24.

GOAL #2: Increase visibility, understanding and awareness of ACPE and its products, resources, partnerships, and programs

STRATEGIC PRIORITIES MET: **P1 P2 P3 P4**

KPI-1 SEE GOAL #1

KPI-2 Alaska loan market share: Based on annual in school loan originations
Target based on FY24 total: **36.1%** **AYTD**

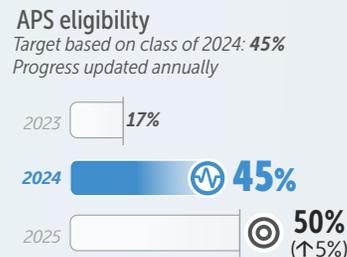


KPI-3 FAFSA completion trends: Target based on FY24 total: 29,377

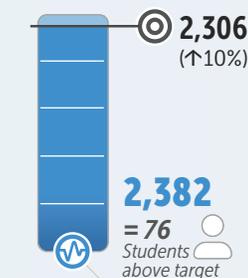


KPI-4 SEE GOAL #7

KPI-5 Trends in APS:



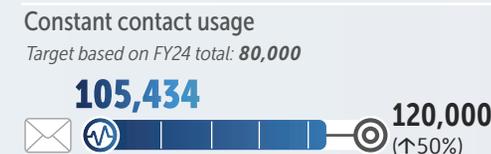
APS use
Target based on FY24 total: 2,119



GOAL #3: Enhance & refine financial planning resources for appropriate target audiences

STRATEGIC PRIORITIES MET: **P1 P2**

KPI-6 Utilization of financial planning resources:



Open rate of content sent
Target based on FY24 total: 53%

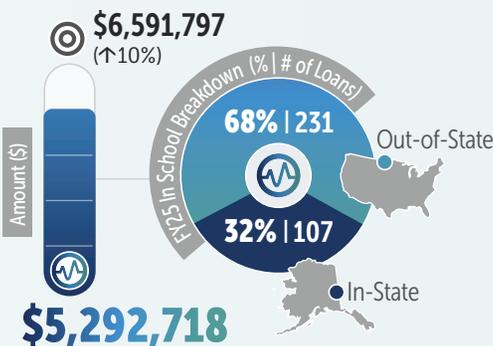


GOAL #1: Offer loan program responsive to consumer and organization needs

STRATEGIC PRIORITIES MET: **P1 P2 P3**

KPI-1 Loan volume:

In school (ASEL + FEL)
Target based on FY24 total: \$5,992,543



Refinance (REFI)
Target based on FY24 total: \$2,684,645 (42 loans)



CHANGE TOWARDS TARGET:

-
-
-
-

| 2024-25 PROGRESS | DATE | | | |
|-----------------------|---------|----------|---------|---------|
| | 9.30.24 | 12.31.24 | 3.31.25 | 6.30.25 |
| Strategic Priority #1 | | | — | — |
| Strategic Priority #2 | | — | — | — |
| Strategic Priority #3 | | | — | — |
| Strategic Priority #4 | NA | NA | — | — |

- Measurable Target
- Current Status



Key Performance Indicator (KPI) DASHBOARD

*Target values based on FY24 totals (data from 7/1/23 to 6/30/24, unless otherwise indicated). Current statuses reflect data from 7/1/24 to 12/31/24.

GOAL #4: Modernize and streamline the customer experience

STRATEGIC PRIORITIES MET: **P1** **P2** **P3**

KPI-7 Trends in application funnel:

Incomplete applications



new info coming FY2026

Submitted applications



new info coming FY2026

Disbursed loans



new info coming FY2026

KPI-8

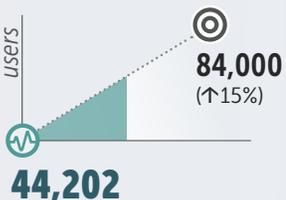
Trends in customer satisfaction ratings:

new info coming FY2026

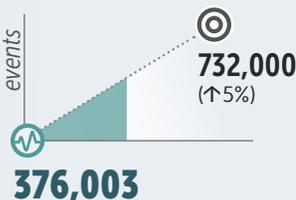


KPI-9 Trends in website engagement:

Number of users
Target values based on FY24 total: **73,000**



Number of web events
Target values based on FY24 total: **697,116**



GOAL #5: Improve operational efficiency and financial sustainability of the organization

STRATEGIC PRIORITIES MET: **P1** **P2** **P3**

KPI-1 SEE GOAL #1

KPI-10



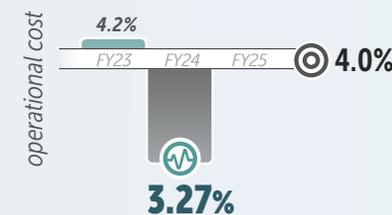
KPI-11

Non ASLC funding sources:

new info coming FY2026

KPI-12 Operational cost as an established percentage of income generating assets:

Target value based on FY23 total: **4.2%**
Progress updated annually



GOAL #6: Foster an environment where employees thrive as the agency evolves

STRATEGIC PRIORITIES MET: **P3**

KPI-13 Trends in employee satisfaction ratings:



KPI-14

TBD: Action item based on results of KPI-13

new info coming FY2026



GOAL #7: Identify the current state of higher education programs and resources in Alaska

STRATEGIC PRIORITIES MET: **P4**

KPI-15

Complete inventory:

new info coming FY2026



new info coming FY2026



KPI-16

Tangible commitments:

new info coming FY2026



new info coming FY2026



Hi there, your results are in!

Celebrate what's going well and focus on opportunities to support your team.



Engagement

Score indicates a strong sense of engagement



Experience vs Expectations

Score indicates that for some, work exceeds expectations



Intent to Stay

Score indicates a moderate sense of intent to stay



Well-Being

Score indicates a strong sense of well-being



Inclusion

Score indicates a strong sense of inclusion



Engagement

Score indicates a strong sense of engagement

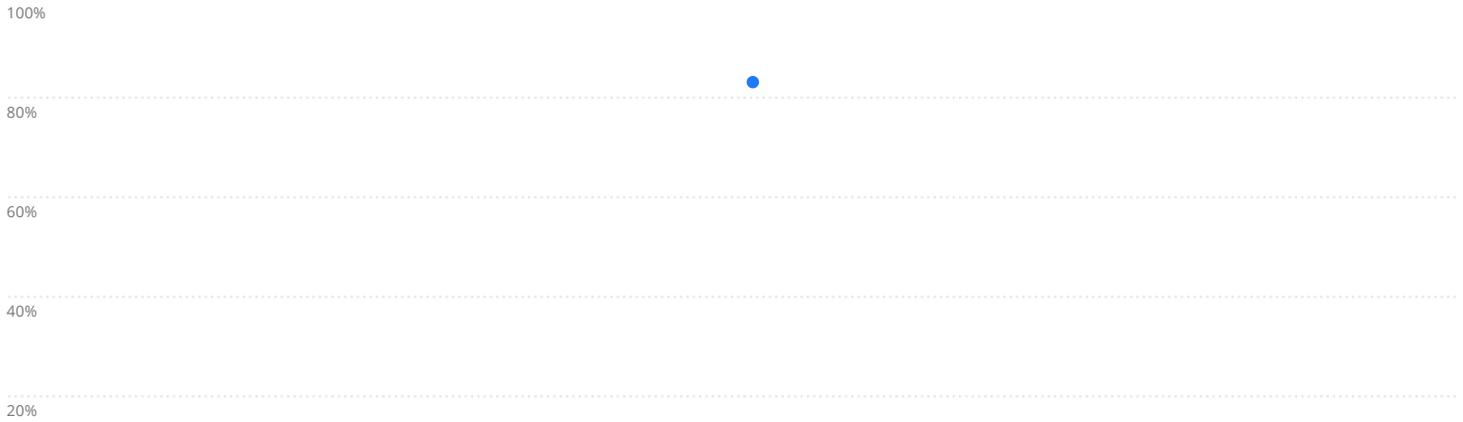
Engagement measures employees' sense of accomplishment, motivation, and whether they would recommend the company

Engagement questions

| Question | Company Overall |
|--|-----------------|
| I would recommend this company to people I know as a great place to work | 87% |
| My work gives me a feeling of personal accomplishment | 89% |
| This company motivates me to contribute more than is normally required to complete my work | 74% |

Engagement score trends

● Your scores



ACPE Annual Engagement Survey 2024



Experience vs Expectations

Score indicates that for some, work exceeds expectations

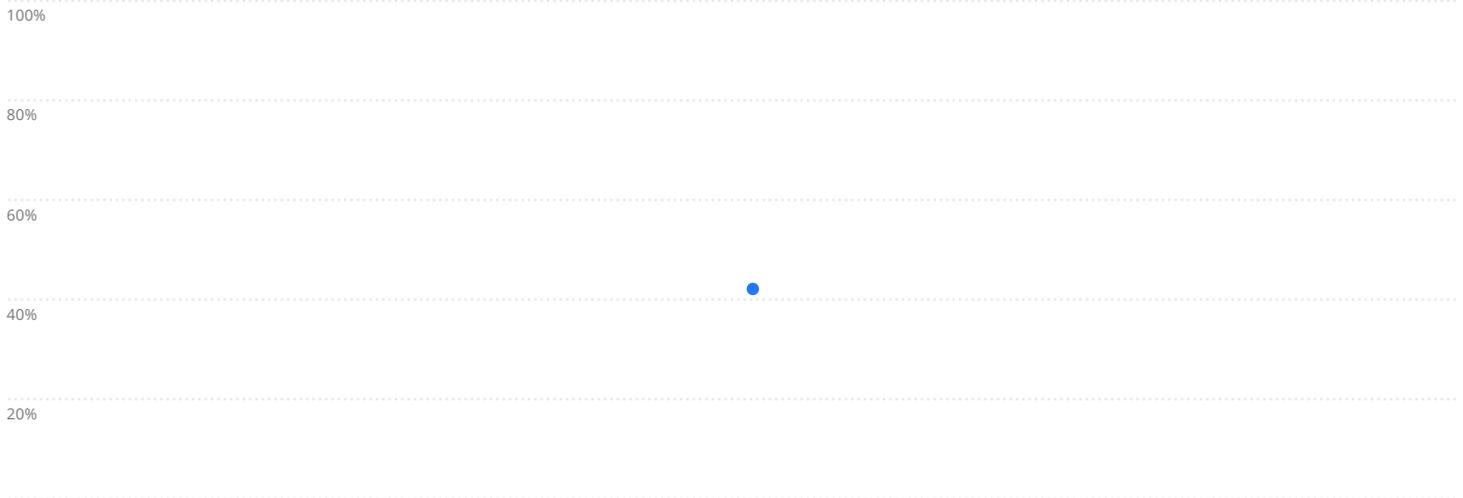
Expectations measure whether employees feel that their experience at work matches their expectations

Overall, to what extent does your experience working at this company meet your expectations?



Experience vs Expectations score trends

● Your scores



ACPE Annual Engagement Survey 2024

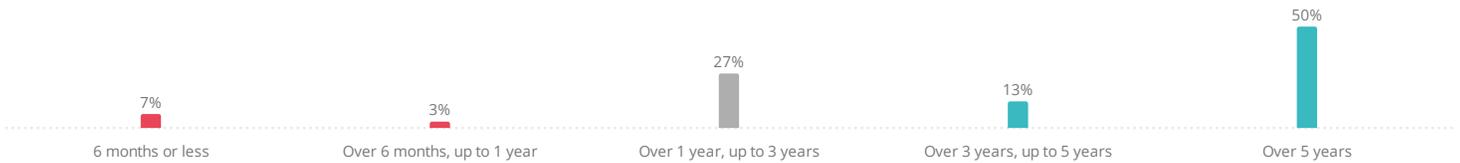


Intent to Stay

Score indicates a moderate sense of intent to stay

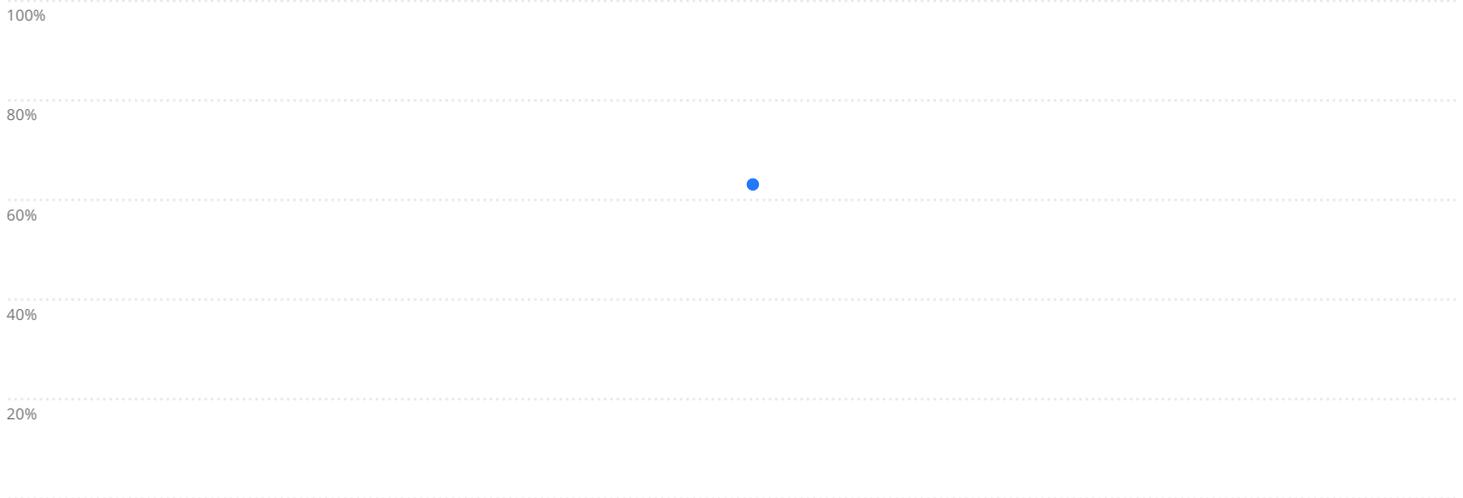
Intent-to-Stay responses can reveal long-term commitment or turnover risk

I intend to keep working at this company for...



Intent to Stay score trends

● Your scores



ACPE Annual Engagement Survey 2024



Well-Being

Score indicates a strong sense of well-being

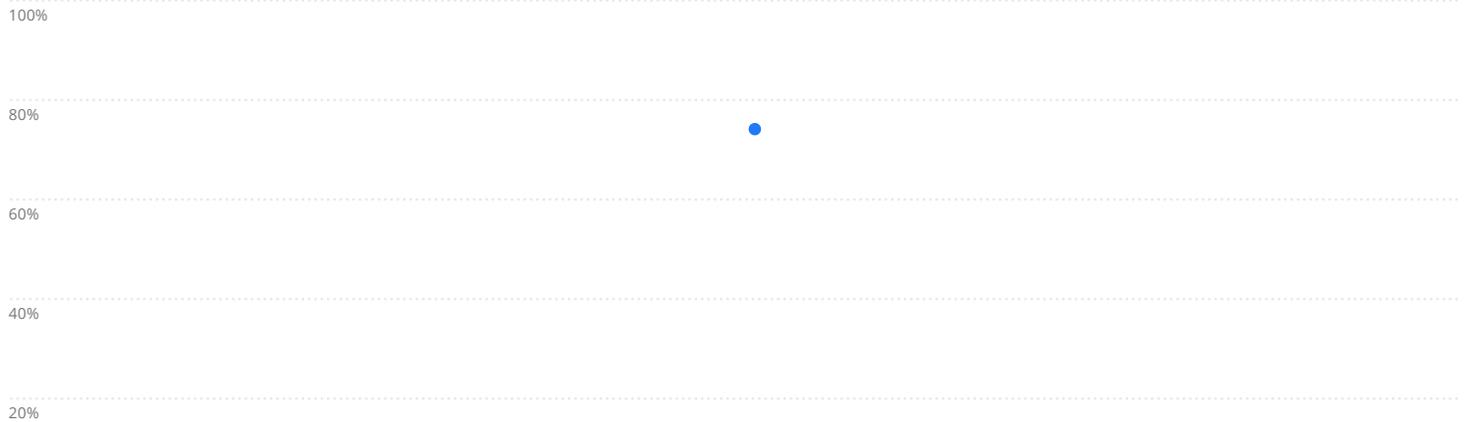
Well-being measures employees' energy and positivity about their work and relationships

Well-Being questions

| Question | Company Overall |
|---------------------------------------|-----------------|
| I feel energized at work | 52% |
| I feel positive about myself at work | 81% |
| I have trusting relationships at work | 90% |

Well-Being score trends

● Your scores



ACPE Annual Engagement Survey 2024



Inclusion

Score indicates a strong sense of inclusion

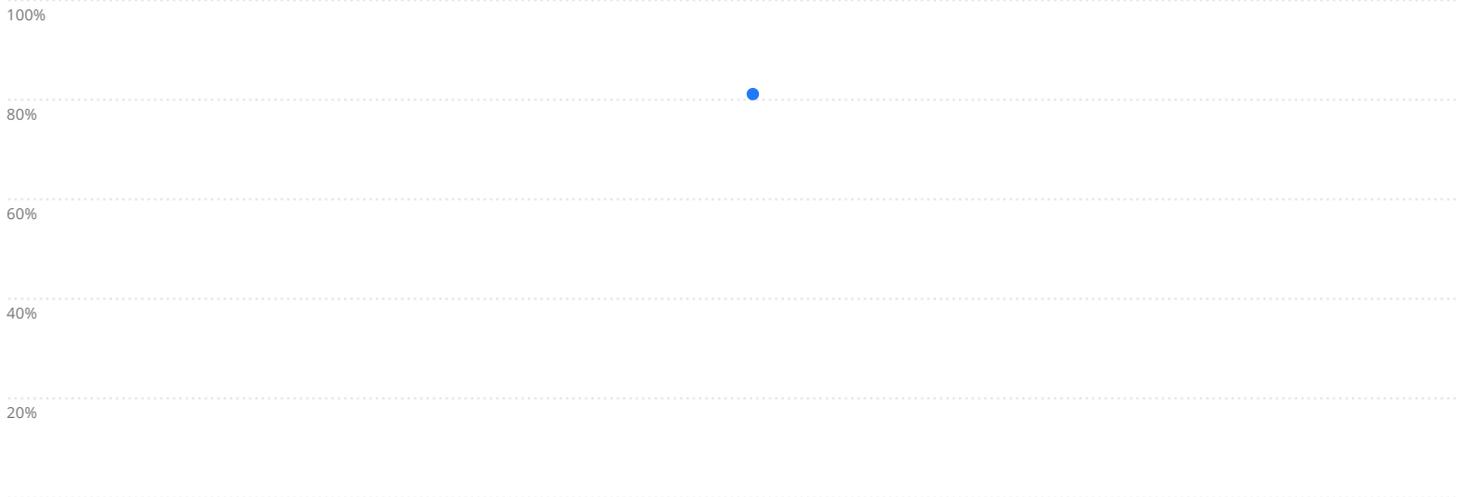
Inclusion measures whether employees feel they can be accepted and succeed as themselves, no matter their background

Inclusion questions

| Question | Company Overall |
|---|-----------------|
| At this company, everyone can succeed to their full potential, no matter who they are (e.g. all ages, cultural backgrounds, genders, races, religions, etc) | 84% |
| I can be myself at work | 74% |
| I feel as if I belong at this company | 84% |

Inclusion score trends

● Your scores



ACPE Annual Engagement Survey 2024



Celebrate what's going well

Your team reports

94%

▲ 0 vs. Company Overall

I would recommend this company's products and/or services to people I know

Impacts: Engagement, Inclusion, Intent to Stay, Well-Being, Experience vs Expectations

84%

▲ 0 vs. Company Overall

I feel supported in my efforts to adapt to organizational changes

Impacts: Inclusion, Engagement, Well-Being, Intent to Stay

84%

▲ 0 vs. Company Overall

I have the authority I need to do my job

Impacts: Inclusion, Well-Being, Engagement, Intent to Stay

97%

▲ 0 vs. Company Overall

I feel safe while I am at work

Impacts: Well-Being, Inclusion, Engagement

81%

▲ 0 vs. Company Overall

I receive meaningful recognition when I do a good job

Impacts: Experience vs Expectations, Inclusion, Intent to Stay, Engagement, Well-Being



Opportunities to support your team

23%

▲ 0 vs. Company Overall

My manager rewards risk-taking in order to drive innovation

35%

▲ 0 vs. Company Overall

My pay is clearly linked to my performance

58%

▲ 0 vs. Company Overall

Overall, I feel that my career goals can be met at this company

Impacts: **Intent to Stay**