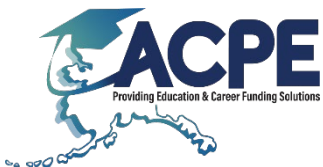


ALASKA STUDENT LOAN CORPORATION

November 6, 2025

Corporation Meeting





ALASKA STUDENT LOAN CORPORATION BOARD MEETING

[Zoom link](#)

Meeting #: 943 8236 9624

Password: ASLC

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

AGENDA

November 6, 2025

1. **1:30 p.m.** Convene/Roll Call
- 2.* Adoption of Agenda
 - *Suggested motion: move to adopt the November 6, 2025 Corporation Meeting agenda.*
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 May 8, 2025
 - *Suggested Motion: move approval of the May 8, 2025 Corporation Meeting minutes.*
6. Public Testimony:
 - Individuals: 3-minute limit
 - Group Representatives: 5-minute limit
7. **1:40 p.m.** Executive Officer Report – Executive Officer Kerry Thomas
- 8.* **2:00 p.m.** Presentation on Financial Statements – Chief Finance Officer Julie Pierce, CPA, and Karen Tarver, CPA, Partner, Elgee Rehfeld, LLC
 - *Suggested Motion: move to accept the Financial Statements of the Alaska Student Loan Corporation for the year ending June 30, 2025.*
- 9.* **2:30 p.m.** Dividend Recommendation – Chief Finance Officer Julie Pierce
 - *Suggested Motion: In accordance with AS 14.42.295 and the Corporation's net income for the year ending June 30, 2025, move to accept management's recommendation that no dividend be declared for Fiscal Year 2027.*
 - *Alternate Motion: Move to accept management's recommendation to declare a dividend of 10% of FY25 net income, or \$763,100.*
10. Board Member Closing Comments
- 11.* **3:00 p.m.** Adjournment
 - *Suggested Motion: Move the Board adjourn the November 6, 2025 Corporation Meeting.*

*Action Required



MINUTES OF THE ALASKA Student Loan Corporation May 08, 2025

A meeting of the Alaska Student Loan Corporation (ASLC), conducted via distance delivery, originated from the office of ACPE at 3030 Vintage Boulevard, Juneau, Alaska on May 08, 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, Donald Handeland, Anna Latham, and Genevieve Wojtusik.

Board Members absent: Dave Donley.

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 Program Coordinator Kordel Thompson.

Guests in attendance: Assistant Attorney General Andrew Bocanument; Lee Donner and Tim Webb with Hilltop Securities; and Zach Hanna, Chief Investment Officer with the State of Alaska Department of Revenue

ADOPTION OF AGENDA

Chair Bicchinella moved to adopt the agenda of the May 08, 2025 Corporation meeting. Member Wojtusik 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.

ELECTION OF OFFICERS

Vice Chair Handeland moved to reappoint Chair Bicchinella as Chair of the Board. By roll call vote all members present voted aye. The motion carried. Chair Bicchinella moved to reappoint Vice Chair Handeland as Vice Chair. By roll call vote, all members present voted aye. The motion carried.

APPROVAL OF MINUTES

Chair Bicchinella moved to approve the minutes from the February 6, 2025 Corporation meeting. Vice Chair Handeland seconded the motion. Chair Bicchinella moved to amend his motion to approve the minutes to include an amendment to the minutes to remove a typo regarding a prior Member attending the meeting. By roll call vote, all members present voted to aye to approve the amendment. By roll call vote, all members present voted to aye to approve the amended meeting minutes. The motion carried.

Discussion: Member Latham noted a typo in the minutes that indicated prior Board Member Michaela Fowler was in attendance at the February 6, 2025 Corporation meeting; however, she was no longer a Corporation Board Member by that time and was not in attendance.



MINUTES OF THE ALASKA Student Loan Corporation May 08, 2025

PUBLIC TESTIMONY

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

ANNUAL INVESTMENT POLICY REVIEW MEMO - CHIEF FINANCE OFFICER JULIE PIERCE

Julie Pierce, Chief Financial Officer, stated that her memo is a brief introduction to reviewing the Corporation's investment policy. The Board is required to perform this review annually under the Corporation's investment policy and procedures, in order to ensure the policy remains effective and make changes as needed to align with the Corporation's investment strategy and goals. She then introduced Zach Hanna, Chief Investment Officer of the State of Alaska Department of Revenue, who would present the current and revised investment policy for the Board's consideration.

INVESTMENT PORTFOLIO MANAGEMENT, PERFORMANCE, ASSET ALLOCATION, AND POLICY REVIEW PRESENTATION – ZACH HANNA, CHIEF INVESTMENT OFFICER, DEPARTMENT OF REVENUE

Zach Hanna, Chief Investment Officer for the Treasury Division in the Department of Revenue, gave an update on market conditions and reported on both portfolio performance and investment strategy recommendations for the Alaska Student Loan Corporation. He began by explaining who his team is and how they help State programs manage assets and funds. He noted that trade and tariff uncertainty was the dominant factor affecting markets in the 1st quarter. Capital markets were significantly down in April, but had mostly rebounded by May 2025. Interest rates are expected to stay up, with the Fed putting off rate cuts due to inflationary pressures, as well as general labor and growth uncertainty. Despite negative returns for US equities, international equities were positive and the Corporation had positive performance in all other assets classes through the 1st quarter.

Hanna gave an overview of the ASLC's portfolio performance, noting it has been managed by the Treasury Division since July 2021. The portfolio, consisting of 40% equities and 60% fixed income, has performed well, achieving returns above its benchmarks despite volatile market conditions. He noted that the portfolio has fully transitioned to the new risk profile, indicating that the performance of the portfolio's current asset allocation and investment is roughly double what it would've been as it was originally invested. He indicated performance has been positive across various asset classes, particularly in domestic equities and fixed income. Returns have been strong, with excess returns in both bonds and fixed income, with the portfolio achieving gains of \$14 million, twice the estimated gains of \$7 million as originally invested.

Regarding the Corporation's investment policy for FY26, Hannah recommended maintaining the current asset allocation for another year, just as he recommended for FY25. While the portfolio's expected returns are somewhat lower than they were last year at 6.18%, they are still well above the minimum target of 4%, providing significant inflation protection and meeting



MINUTES OF THE ALASKA Student Loan Corporation May 08, 2025

operational needs. Additionally, he noted the efficient frontier for 2025 is fairly flat, indicating that any increases in risk at present will result in lower than normal expected returns. The portfolio's standard deviation is 7.56%, representing a manageable level of risk.

Hanna concluded by reassuring that the Corporation is well compensated for the level of risk of their portfolio, and advised the board to treat asset allocation as longer term and durable. He also advised against making changes unless the Corporation's needs or conditions in the capital markets change significantly. He warned that unnecessary changes stemming from blindly following capital market assumptions can end up adversely affecting returns instead of adding to them. The presentation ended with an invitation for questions or further discussion of the briefly touched upon alternative investment strategies.

Vice Chair Handeland moved to accept the Alaska Student Loan Corporation Investment Policy and Procedures with no material changes based on discussion and recommendation from Staff, DOR Investment Management Team, and Financial Advisor. Chair Bicchinella seconded the motion. By roll call vote, all members present voted aye. The motion carried.

CHIEF FINANCE OFFICER REPORT

This was a written only report, so no presentation was provided.

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

Julie Pierce, Chief Financial Officer, began by stating the variable rate memo began on page 42 of the packet. She advised that the corporation annually sets rates for variable rate ASEL loans. While variable rate loans are no longer originated, rates for legacy loans with remaining balances are set annually based on the rate of 91-day U.S. Treasury Bills. Staff recommends that the interest rates for variable rate ASEL loans be set at 7% during the in-school period and applicable grace and deferment periods, and 7.1% during the repayment period.

Chair Bicchinella moved approval of the variable rate interest rates for variable rate ASEL loans as recommended by staff. Vice Chair Handeland seconded the motion. By roll call vote, all members present voted aye. The motion carried.

EXECUTIVE OFFICER REPORT

This was an informational only written report with no presentation

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.



MINUTES OF THE ALASKA Student Loan Corporation May 08, 2025

Chair Bicchinella moved to approve the proposed upcoming meeting dates of the Alaska Student Loan Corporation as presented in the meeting packet. Member Wojtusik seconded the motion. By roll call vote, all members present voted aye. The motion carried.

Discussion: Chair Bicchinella proposed pushing back the May 2026 ASLC meeting to May 21, 2026. Member Latham noted that the Legislature was a consideration for the May 2026 date, as they can run over by 10 days. Chair Bicchinella offered his support for the proposed May 7, 2026 if it worked for the rest of the Board.

CLOSING COMMENTS

Vice Chair Handeland noted that the topic of whether to approve a dividend to the State for FY27 will be on the agenda for the upcoming November 6, 2025 meeting. He suggested the board should have a more in-depth discussion concerning the topic, as he feels they usually elect to not provide a dividend without much consideration of other options. He asked if staff could perhaps provide some additional information regarding what other options would look like and how it has been handled in the past.

Discussion: Acting Executive Officer Thomas indicated they are already looking historical income and loss data and when dividends have been paid, and assured the Board that information would be available at the November meeting. She also indicated they would look at providing some different options for the Board's action.

Chair Bicchinella commented that Assistant AG Bocanumenth would be taking on another assignment soon and would no longer be assigned to the Corporation. He thanked him for his hard work and dedication to the Corporation and ACPE for the past few years, as well as his overall contributions to the State. He noted AAG Bocanumenth is involved, knowledgeable, and responsive, and made the Board members jobs easier.

ADJOURN

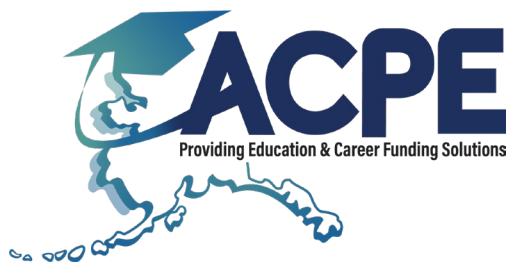
Chair Bicchinella moved to adjourn the May 8, 2025 Corporation Meeting. Member Latham seconded the motion. By roll call vote, all members present voted aye. The motion carried.

The meeting adjourned at approximately 2:51 p.m.

Approved by:

Donald Handeland, Chair

Date



Alaska Commission on Postsecondary Education

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MEMORANDUM

TO: Members, Alaska Commission on Postsecondary Education
FROM: Kerry Thomas, Executive Director
DATE: October 1, 2025
SUBJECT: Executive Director Report

This quarter the Commission continued the implementation of Alaska Performance Scholarship (APS) program changes resulting from the passage of HB 148 in 2024, analyzed recent federal regulatory changes, and responded to new administrative orders signed by Governor Dunleavy. We continue to focus on these items as well as other strategic projects.

Legislative Session:

ACPE's FY27 operating budget request was submitted during this quarter and remains confidential until the Governor publishes his budget in December. Based on legislative action during the 2025 session, the Higher Education Investment Fund (HEIF), which funds APS and Alaska Education Grant (AEG) awards, funded the FY25 budget shortfall in an amount up to \$200 million. Since the transfer from the HEIF occurred in September 2025, full APS and AEG funding is still available for FY27 as it is based on the value of the HEIF at July 1, 2025. I expect the HEIF and funding for APS and AEG to be topics that get a lot of attention in the upcoming legislative session.

Federal Update:

The One Big Beautiful Bill Act (OBBBA) was signed into law in July 2025, representing the most comprehensive reforms to U.S. higher education policy in recent years. The legislation is designed to expand access, affordability, and accountability across the postsecondary education system. Over the last quarter, ACPE staff analyzed the bill and assessed its implications for ACPE, Alaska students, and postsecondary institutions in the State of Alaska. Attached is a summary of the relevant OBBBA sections along with ACPE's comments about the changes. Our next steps are to prioritize the impacts, determine program changes, communicate with affected parties, and prepare for the effects of the changes in the bill.

Strategic Planning:

In July and September, senior managers held virtual strategic planning sessions. The focus areas of these meetings were to evaluate progress toward meeting established goals, consider new goals and targets, discuss active and upcoming projects, examine new requirements for the Administrative Order 360 Regulations Reform Initiative, and review resources with current and upcoming position vacancies, as well as review FY25 financial results, five-year financial projections, and the FY27

budget proposal. The quarterly dashboard was updated to reflect annual data as of June 30, 2025, compared to targets established one year ago.

Administrative Orders:

Since May of 2025, the Governor has issued three Administrative Orders – AO 358, AO 359, and AO 360. These directives are in response to declining oil revenues and rising state costs. Together they create a statewide strategy to control spending, increase operational efficiency, and reduce the regulatory burden across all executive-branch agencies, boards, commissions, and public corporations, including ACPE.

[Administrative Order 358](#) issued in May – freezes most out-of-state travel, halts hiring for all positions except those critical to public safety, and suspends new regulatory packages unless a waiver is granted. Agencies are encouraged to substitute virtual meetings and technology for travel whenever possible. These measures apply to every agency and funding source until the order is rescinded, requiring us to plan carefully for vacancies and limit travel to essential purposes.

[Administrative Order 359](#) issued in August – launches an annual, zero-base government efficiency review led by the Office of Management and Budget (OMB). Each year, every agency must provide detailed budget data, identify potential cost savings, and recommend services that could be outsourced or modernized. The order encourages the use of technology and artificial intelligence to analyze spending patterns, and OMB will publish annual reports summarizing agency grants and expenditures.

[Administrative Order 360](#) issued in August – focuses on regulatory reform and permitting. It requires a statewide review of all regulations and guidance documents, mandates that all guidance be posted to the Online Public Notice System, and sets ambitious reduction targets: a 15% reduction in regulations by December 2026, and a 25% reduction by December 2027. Agencies must appoint Regulatory Liaisons, provide quarterly progress reports, and engage stakeholders early in the rule-making process. For ACPE, this means creating a full inventory of our regulations and guidance documents, and participating in the statewide reduction effort.

Alaska Student Loan Corporation Meeting:

The Alaska Student Loan Corporation (the Corporation) did not meet during this quarter. The Corporation's next scheduled meeting is on November 6, 2025.

Professional Organization Meetings/Presentations:

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

- Weekly meetings with the Department of Education & Early Development Director's team
- Bi-weekly meetings with UA Vice Presidents Brian Smentkowski and Michelle Rizk
- Monthly Alaska Statewide Education Leaders meeting, facilitated by the Alaska Council of School Administrators
- Monthly meetings with Education Finance Council (EFC)
- Monthly meetings with the Alaska Performance Scholarship Cross Agency Workgroup

- Federal updates meetings, hosted by the State Higher Education Executive Officers Association (SHEEO)
- Attended the EFC conference in Alexandria, VA

Human Resources Update:

Staffing changes this quarter included three separations.

- Kristina Paulick, Accountant V, separated on August 11, 2025.
- Gail Coenraad, Program Operations Administrative Support Specialist, retired on August 31, 2025, after nearly 20 years of service with the State of Alaska.
- Tyson Lee, Microcomputer Network Specialist, separated on September 18, 2025.

No new hires or promotions occurred during this period.

Recruitment efforts remain challenged by the statewide hiring freeze under Administrative Order 358, which requires agencies to obtain waivers from the Governor's office before filling vacancies. This will likely continue to influence ACPE's staffing levels in the coming quarters.

ACPE currently has 38 filled positions: 9 in Anchorage and 29 in Juneau. The breakdown of filled positions by division is as follows: ISS–7 (2 in Anchorage, 5 in Juneau), Finance–10 (8 full-time, 2 part-time), Program Operations–12, Outreach–7, and Executive Office–2.

There are 13 vacant positions: ISS–2, Finance–4, Program Operations–5, Outreach–1, and Executive Office–1. ACPE's total PCNs stand at 51, with 11 located in Anchorage and 40 in Juneau.

ACPE's current workforce includes 25 females (65.8%) and 13 males (34.2%), compared to the statewide distribution of 7,021 females (48.2%) and 7,543 males (51.8%). The average age of ACPE employees is 46 years, slightly higher than the statewide average of 43.5 years. The racial and ethnic demographics of ACPE are White (86.8%) and minorities (13.2%), compared to the statewide makeup of White (73.2%) and minorities (26.8%). See the State of Alaska Workforce Profile FY24 for additional details.

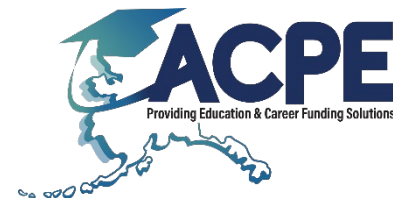
Attachments:

Proposals for Commission Consideration

ACPE Analysis of Federal Changes from the One Big Beautiful Bill Act

Proposals for Commission Consideration

Kerry Thomas
Executive Director
October 9, 2025



ACPE Proposals

Proposal	Outcome	Considerations	Statute	Regulation
1. Simplify AEG application process	Create alternate/non-FAFSA application	Historically, AEG funding is exhausted before awarding all eligible students attending eligible Title IV institutions. These students are Pell eligible; without FAFSA, they would lose out on Pell funding with AEG to supplement, due to funding constraints on the HEIF.		20 AAC 16.005 20; AAC 16.015 20; AAC 16.030 20; AAC 16.037
2. Expand AEG to non-Title IV institutions	Increase number of institutions eligible to receive AEG funding on behalf of students	Increased demand on 1/3 HEIF appropriation.		20 AAC 16.005 20; AAC 16.015 20; AAC 16.030 20; AAC 16.037



ACPE Proposals

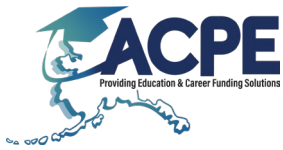
Proposal	Outcome	Considerations	Statute	Regulation
3. Simplify APS application process	Create non-FAFSA application for Title IV institutions	Impact to available HEIF funding for APS.	Sec. 14.43.825 (e)	20 AAC 16.215 20; AAC 16.235 (h)
4. Expand APS participating institutions	Allow APS to be used at online institutions based out of Alaska	Immediate and significant increase in APS funding needs; the 7% cap on HEIF for APS and AEG would not provide sufficient funding to this expanded group of online institutions without a physical presence in Alaska.	Sec. 14.43.830 (a) (1)	



ACPE Proposals

Proposal	Outcome	Considerations	Statute	Regulation
5. ASLC dividend payment to SOA	Utilize funds to create/fund new loan program and/or scholarship/grant program	Requires legislative action for statutory change.	Sec. 14.42.295	
6. Minimize need for co-signers	Create alternate loan options for borrowers who would normally need a co-signer for an ACPE loan	Increased risk to ACPE/ASLC related to borrower default.	Sec. 14.43.172 (c)(4) — (6);(e)	20 AAC 15.705; 20 AAC 15.922; 20 AAC 15.930; 20 AAC 15.940
7. Expand partnerships with credit unions to offer ACPE student loans	Potential increase to applicant pool and loan volume	Uncertainty around return on investment of staff time on this focus area.	Sec. 14.43.172 (c)(4) — (6);(e)	20 AAC 15.705; 20 AAC 15.922; 20 AAC 15.930; 20 AAC 15.940

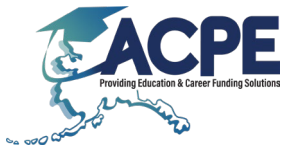




One Big Beautiful Bill Act – Impacts on ACPE, Students, Postsecondary Institutions, or the State of Alaska

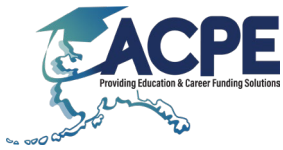
Title VII–Finance

Topic	High-level Summary	Effective Date	Impacts ACPE	Impacts Students	Impacts Schools, or Alaska
Chapter 1–Providing Permanent Tax Relief for Middle-Class Families and Workers					
Sec. 70119 Student Loans Discharged on Account of Death or Disability	- Restores the Tax Cuts and Jobs Act's (TCJA's) exclusion from gross income for forgiven student loans on account of the student's death or permanent disability and requires the taxpayer to provide a Social Security number on the tax return to qualify. - For discharges after Dec. 31, 2017, and before Jan. 1, 2026, the American Rescue Plan Act (ARPA) provided a temporary exclusion from gross income for amounts from the discharge of student loan or private education loan indebtedness. The ARPA provision is effective through the end of 2025. The ARPA provision applied to all forgiven student loan debt, not just for death or disability.	Effective for discharges after Dec. 31, 2025.	Unknown Future guidance from the IRS will provide requirements for tax reporting	Yes Taxpayers might not need to include discharged Alaska student loans as gross income if the discharge was due to the student's death or permanent disability	N/A
Chapter 4–Investing in American Families, Communities, and Small Businesses					
Sec. 70411 Tax Credit for Contributions of Individuals to Scholarship Granting Organizations	- Creates a new permanent 100% tax credit of up to \$1,700 for individual taxpayers who make qualified contributions to a scholarship-granting organization - The provision is designed to incentivize private donations to Scholarship Granting Organizations (SGOs), which in turn provide funding to help eligible students pay for elementary and secondary education expenses - SGOs must operate within a defined set of requirements	Starting in tax year 2027 (tax returns filed in 2028)	N/A ACPE is not directly impacted under this tax credit program, as the funding supports elementary and secondary students	Yes Access to elementary and secondary scholarships	Yes Alaska must formally opt in to the federal SGO tax credit program and submit to the U.S. Treasury each year a current list of eligible Scholarship Granting Organizations
Sec. 70412 Exclusion for Employer Payments of Student Loans	- Amends Internal Revenue Code Section 127(c)(1)(B), permanently removing the expiration date (previously 12/31/25) for tax-free employer student loan payments. - Adjusts for inflation the \$5,250 maximum amount employers may exclude from an employee's wages annually for educational assistance provided by the employer to the employee in taxable years beginning after 2026.	Effective for payments made after Dec. 31, 2025	May be an opportunity to revisit employer repayment program ACPE proposed previously.	May incentivize credential completion while employed	Yes Adjusts the maximum amount employers may exclude from an employee's wages annually for educational assistance



One Big Beautiful Bill Act – Impacts on ACPE, Students, Postsecondary Institutions, or the State of Alaska

Sec. 70414 Certain Postsecondary Credentialing Expenses Treated as Qualified Higher Education Expenses for Purposes of 529 Accounts	- Expands qualified higher education expenses to include expenses incurred in attending a postsecondary credential program that awards postsecondary employment credentials, including a postsecondary employment credential that is industry recognized, an apprenticeship that is registered and certified with the Secretary of Labor under the National Apprenticeship Act, any occupational or professional license issued or recognized by a state or the federal government, and any recognized postsecondary credential as defined under section 3 of the Workforce Innovation and Opportunity Act. - Effective for distributions made after the date of enactment	Effective upon enactment, July 4, 2025	Potential expansion of partnership with 529 as they typically prioritize parents of younger aged students. Include in financial literacy – expanded audience re: apprenticeship	Yes - Allows tax-free withdrawals from 529 plans for expenses related to earning credentials—making these plans more flexible for non-degree, skills-based education - Now includes expenses for “postsecondary credentialing” covering enrollment, tuition, materials, exams—so long as they’re part of a recognized postsecondary credential program	New source of funding/financial support for apprentices that was not previously available.
Sec. 70415 Modification of Excise Tax on Investment Income of Certain Private Colleges and Universities	- Revises the excise tax on applicable educational institutions with a new rate structure - Creates an exemption for colleges that have less than 3,000 tuition-paying students. - Amends the definition of student-adjusted endowment to the aggregate fair market value of the assets of such institution (determined as of the end of the preceding taxable year), other than those assets that are used directly in carrying out the institution’s exempt purpose, divided by the number of students enrolled in the institution. - Amends the definition of net investment income, overriding certain regulatory exceptions under current law	Effective for taxable years beginning after December 31, 2025	N/A	N/A	Yes Institutions that have fewer than 3,000 tuition-paying students during the preceding tax year are exempt from the proposed endowment tax.



One Big Beautiful Bill Act – Impacts on ACPE, Students, Postsecondary Institutions, or the State of Alaska

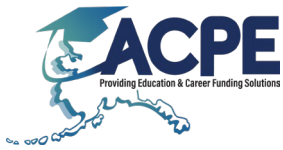
Title VIII – Committee on Health, Education, Labor, and Pensions

Topic	High-level Summary	Effective Date	Impacts ACPE	Impacts Students	Impacts Alaska
Subtitle A–Exemption of Certain Assets					
Sec. 80001 Exemption of Certain Assets (family-owned farms, small businesses, and commercial fishing operations)	Excludes family farms on which families reside, small businesses with 100 or fewer full-time employees owned and controlled by the family, and commercial fishing businesses, including related expenses, vessels, and permits owned and controlled by the family, from being counted as assets in the federal student aid eligibility formula.	July 1, 2026 (award year 2026/2027)	Potential increase to the number of students who qualify for AEG	Yes May increase the number of students qualifying for need-based aid	Yes May broaden access for rural and coastal students from entrepreneurial families
Subtitle B–Loan Limits					
Sec. 81001 Establishment of Loan Limits for Graduate and Professional PLUS Loans	- Eliminates Grad PLUS loans for graduate and professional students. - Sets the maximum annual loan limits for graduate students at \$20,500, while professional students (e.g., law or medical students) may borrow up to \$50,000 annually. - Sets lifetime borrowing limits of \$100,000 for graduate students and \$200,000 for professional students. - Caps Parent PLUS loans at \$20,000 per dependent student per year, with a \$65,000 lifetime limit per student. - Establishes a total lifetime borrowing cap of \$257,500 for all students, excluding Parent PLUS loans taken on their behalf. - Sets the effective date for the changes related to annual and aggregate loans limits for graduate and professional students and parent borrowers as July 1, 2026. - Sets lower limits for part-time students that are directly proportional to the students' enrollment during any academic year, rounded to the nearest whole percentage point (e.g., half-time students are eligible for half the maximum loan). - Allows institutions of higher education to set lower loan limits as long as the limits are applied uniformly within programs. - Provides an interim exception from the graduate and professional student loan termination (3)(C), graduate and professional annual aggregate limits for Federal Direct Unsubsidized Stafford loans (4), parent borrower annual and aggregate limits for Federal	July 1, 2026 (provides an interim exception for students enrolled as of June 30, 2026, and have received one of these loans.)	There may be a significant increase in unmet financial need. May want to consider increase loan limits for ASEL and FEL; adjust limits for part-time enrollment; create new program specifically for graduate students; revisit PSEP options	Yes - The new loan limits and elimination of Grad PLUS loans may reduce access to federal financing for students pursuing advanced degrees, particularly in high-cost programs - New caps on Parent PLUS loans may impact undergraduate students/families who rely on these loans to cover tuition gaps	Yes - Universities may need to direct students to institutional aid or private financing options to maintain enrollment in graduate and professional programs - Caps on Parent PLUS loans may also require undergraduate students to supplement funding needs with private financing to cover tuition gaps



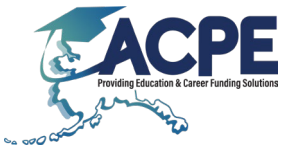
One Big Beautiful Bill Act – Impacts on ACPE, Students, Postsecondary Institutions, or the State of Alaska

Topic	High-level Summary	Effective Date	Impacts ACPE	Impacts Students	Impacts Alaska
	Direct PLUS loans (5) and lifetime maximum aggregate amount for all students (6), for students who are enrolled in an institution of higher education as of June 30, 2026, and have received one of these loans.				The Department is developing a revised schedule of loan limit reductions for part-time students, to be issued by the Secretary for public comment. Starting in the 2026–2027 academic year, institutions must use this schedule to reduce annual loan limits for students not enrolled full-time.
Subtitle C–Loan Repayment					
Sec. 82001	Repayment Plan/New Borrowers	Loans made on or after July 1, 2026	Yes ACPE will need to work with its FFELP servicer to ensure existing borrowers understand the changes to the existing IBR plan and their repayment plan options including the RAP. Borrowers can remain on existing plans until July 1, 2028	Yes - Students taking out new Direct Loans may perceive the new repayment terms as less flexible or more burdensome - Current students may find the changes confusing and need guidance	Yes - The new repayment structure may improve long-term loan management and reduce default risk, which could benefit postsecondary institutions subject to accountability metrics tied to borrower outcomes - The elimination of existing
Loan Repayment	- For loans made on or after July 1, 2026, borrowers will be offered three repayment plans, with all other plans being eliminated: - The new Repayment Assistance Plan (RAP) - The new Standard Repayment Plan (4 terms available: 10, 15, 20, or 25 years based on the amount borrowed or outstanding balance in repayment) - Any plan authorized under Section 455(d)(1) of the Higher Education Act, which details Direct Loans under the William D. Ford Federal Direct Loan Program. Repayment Plan/Current Borrowers - Current borrowers with no new loans made on or after July 1, 2026, are eligible to enroll in the current Standard, Graduated, Extended, or current Income Based (IBR) repayment plans, and may also opt in to the new RAP. Current borrowers may also switch between, enter, or remain on existing IDR plans until July 1, 2028. - Removes the requirement for borrowers to demonstrate a partial				



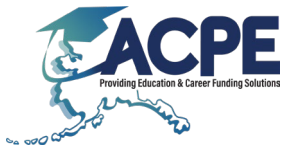
One Big Beautiful Bill Act – Impacts on ACPE, Students, Postsecondary Institutions, or the State of Alaska

Topic	High-level Summary	Effective Date	Impacts ACPE	Impacts Students	Impacts Alaska
	financial hardship. Retains cancellation for balances of loans repaid under IBR at 25 years, or 20 years for new borrowers. Allows for covered income contingent loans to be repaid under IBR. New Repayment Assistance Plan - Establishes a new income-driven repayment (IDR) plan, called the Repayment Assistance Plan (RAP). Parent PLUS and Consolidation Loans - Consolidation loans made on or after July 1, 2026, are only eligible for the RAP or standard repayment plans. - A consolidation loan (subsidized or unsubsidized) taken out by a borrower before July 1, 2026, is treated like any other eligible loan. Borrowers currently in an IDR plan have until July 1, 2028, to select a standard plan, IBR, or RAP. - If the consolidation loan was used to pay off a Parent PLUS loan, it must enter repayment under ICR before July 1, 2028, to become eligible for IBR - If the borrower takes no action by that date, all eligible loans will be automatically moved to RAP, and any loans not eligible for RAP will be placed into IBR. - All new Parent PLUS loans from July 1, 2026, on must be repaid under the standard repayment plan; they are not eligible for RAP. If a borrower chooses RAP, but has a loan that is not eligible for RAP (like Parent PLUS and certain consolidated loans) they must repay the ineligible loan/s separately - For borrowers who had borrowed Parent PLUS before July 1, 2026, and subsequently borrowed from the program on or after July 1, 2026, repayment for all loans must be under the same repayment plan, of which the only eligible plan for Parent PLUS borrowers is the standard plan				repayment plans and the complexity of the new system may require expanded counseling and borrower education



One Big Beautiful Bill Act – Impacts on ACPE, Students, Postsecondary Institutions, or the State of Alaska

Topic	High-level Summary	Effective Date	Impacts ACPE	Impacts Students	Impacts Alaska
Sec. 82002 Deferment; Forbearance	- Eliminates economic hardship and unemployment deferments for borrowers who receive federal student loans on or after July 1, 2027. - Limits forbearance eligibility to a maximum of nine months within any 24-month period.	Federal Student Loans made on or after July 1, 2027	Yes Borrowers with loans made on or before July 1, 2027, are still able to use these deferment options under the current rules. Once all borrowers' loans made before that date are paid in full, these options will cease to exist.	Yes These changes significantly reduce the flexibility borrowers have to pause payments during financial hardship. The reduced availability of deferment and forbearance options may increase the risk of delinquency among recent graduates facing financial hardship.	N/A
Sec. 82003 Loan Rehabilitation	- Allows borrowers with defaulted Federal Family Education Loans (FFEL) or Perkins Loans to rehabilitate their loans twice instead of once, beginning July 1, 2027 - Increases the minimum monthly rehabilitation payment from \$5 to \$10 for borrowers with one or more defaulted loans.	Beginning July 1, 2027	Yes Allowing borrowers to rehabilitate defaulted FFEL and Perkins Loans twice may reduce long-term default rates and loan recovery	Yes The increased minimum payment may slightly raise the barrier for some borrowers to rehabilitate loans	N/A
Sec. 82004 Public Service Loan Forgiveness	Ensures that on-time payments made under the new Repayment Assistance Plan will count toward the 120 qualifying payments required for Public Service Loan Forgiveness.	July 1, 2026	Yes Existing borrowers can opt into the new Repayment Assistance Plan at launch and immediately receive PSLF credit.	Yes Allowing payments under the new Repayment Assistance Plan to count toward Public Service Loan Forgiveness ensures continued access for public	N/A



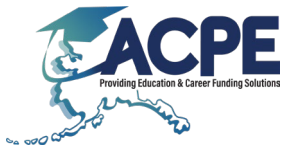
One Big Beautiful Bill Act – Impacts on ACPE, Students, Postsecondary Institutions, or the State of Alaska

Topic	High-level Summary	Effective Date	Impacts ACPE	Impacts Students	Impacts Alaska
				service borrowers using the new plan	
Sec. 82005	Allocates \$1 billion for administrative costs related to servicing federal direct student loan programs, including support for repayment operations.	Effective upon enactment of the bill on July 4, 2025	N/A	Yes May improve the efficiency and reliability of repayment systems, reducing administrative burdens for both borrowers and institutions.	N/A
Student Loan Servicing					
Subtitle D–Pell Grants					
Sec. 83001	- Requires foreign income of the student’s parents or, in the case of an independent student, the student and the student’s spouse, to be included in the adjusted gross income calculation when determining Pell Grant eligibility - Sunsets a provision that allows a student to receive a Pell Grant if it is determined they were eligible but did not initially receive the grant - Makes students who have a student aid index that is equal to or exceeds twice the amount of the total maximum Federal Pell Grant for that academic year ineligible for a Pell Grant	Effective July 1, 2026 The sunset provision is applicable for years beginning before July 1, 2026	Minimal, if at all since AEG funding is limited. Likely these changes will impact students with a higher SAI than 0.	Yes Tightening Pell Grant eligibility may reduce access to federal aid for some students	Yes
Eligibility					
Sec. 83002	Expands eligibility for Pell Grants to students enrolled in an eligible workforce program The governor of the state in which the program is offered must determine that the program: - Provides an education aligned with the requirements of high-skill, high-wage or in-demand industry sectors or occupations; - Meets the hiring requirements of such potential employers or occupations; - Prepares students to pursue one or more certificate or degree programs at one or more institutions of higher education by ensuring the student will receive academic credit that will be accepted toward meeting a certificate or degree requirement; - Leads to a recognized post-secondary credential;	Beginning on July 1, 2026.	May increase AEG demand since short-term programs were not eligible for the Pell previously.	Yes Expanding Pell Grant eligibility to students in short-term, high-quality workforce training programs could better serve adult learners and career changers.	Yes By aligning program requirements with labor market needs and requiring strong completion and job placement outcomes, the provision encourages institutions to develop or partner with programs that
Workforce Pell Grants					



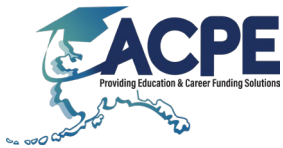
One Big Beautiful Bill Act – Impacts on ACPE, Students, Postsecondary Institutions, or the State of Alaska

Topic	High-level Summary	Effective Date	Impacts ACPE	Impacts Students	Impacts Alaska
	- Prepares students for employment in an occupation with only one recognized postsecondary credential; and - Provides the student with a credential upon completion. Following the determination by the governor, the Secretary of Education must determine that the program: - Has been offered by the eligible institution for at least one year; - Has a completion rate of at least 70%; - Has a verified job placement rate of at least 70%, measured 180 days after completion; and - The total amount of published tuition and fees does not exceed the value-added earnings of students who received federal financial aid through this program and who completed the program three years prior to the award year.				deliver measurable economic value.
Sec. 83003	Increases funding for the Pell Grant program from \$2.17 billion to \$12.67 billion to address projected shortfalls.		May increase AEG demand	Yes The increase in funding for the Pell Grant would allow additional students to access these grants. More students may receive Pell Grants, but the amount they receive will not increase	Yes
Pell Shortfall					
Sec. 83004	Makes students ineligible for a Federal Pell Grant if they receive non-federal grant aid (from states, institutions, or private sources) that equals or exceeds their cost of attendance	July 1, 2026	Yes The Alaska Education Grant (AEG) 20 AAC 16.005 is available to an eligible student to pay allowable costs of attendance that exceed the sum of any other non-self-	Yes Previously, students who received a full-ride scholarship could still be eligible for a Pell Grant if they met the criteria for financial need	Yes Postsecondary institutions will need to certify students for Grant and Scholarship awards before determining eligibility for the Federal Pell Grant
Federal Pell Grant Exclusion Relating to Other Grant Aid					



One Big Beautiful Bill Act – Impacts on ACPE, Students, Postsecondary Institutions, or the State of Alaska

Topic	High-level Summary	Effective Date	Impacts ACPE	Impacts Students	Impacts Alaska
			help financial aid provided to the student. The Alaska Performance Scholarship (APS) 20 AAC 16.220(i) APS scholarship money is used to supplement other non-loan aid. In order not to supplant other non-loan aid, an otherwise qualifying student's costs of attendance are reduced by other scholarships, grants, or stipends, or any other non-loan aid		
Subtitle E – Accountability					
Sec. 84001 Ineligibility Based on Low Earning Outcomes	- Deems certain educational programs—defined as programs that award an undergraduate, graduate, or professional degree, or graduate certificate—ineligible for federal student aid based on low earning outcomes - Sets the framework for disqualifying programs whose graduates do not meet minimum earnings criteria, wherein the median earnings (as determined by the Secretary of Education) for students who received federal funds and completed the program are less than the median earnings of a working adult who has a lesser degree. - Establishes that data on median earnings of working adults will be based on data from the Bureau of the Census. - Establishes that data on median earnings of working adults will be based on data from the Bureau of the Census. - Establishes an appeal process for programs determined to be ineligible for federal student aid due to low-earning outcomes.		May impact AS 14.43.825 (e) : The amount of a scholarship award may not exceed the amount of the <u>student's costs of attendance as certified by the postsecondary institution for the purposes of federal financial aid</u> , less any other	Yes Certain programs may be at risk of losing eligibility for federal funds	Yes Institutions that offer federal funding may need to reassess or restructure low-performing programs The inclusion of an appeal process offers a safeguard, allowing universities to contest determinations and



One Big Beautiful Bill Act – Impacts on ACPE, Students, Postsecondary Institutions, or the State of Alaska

Topic	High-level Summary	Effective Date	Impacts ACPE	Impacts Students	Impacts Alaska
	- Requires educational programs that do not meet the cohort median earning requirements for one year during the applicable covered period (a period of three years immediately preceding the data of determination of the program), but that have not yet failed to meet earning requirements for two years during the covered period, to inform enrolled students that the program is at risk of losing its eligibility for federal funds. - Requires the Secretary of Education to establish a process for educational programs that have lost eligibility to apply to regain eligibility after a period of no less than two years.		scholarships or nonloan financial aid awarded to the student.		potentially retain aid eligibility for programs that serve broader educational missions
Subtitle F – Regulatory Relief					
Sec. 85001 Delay of Rule Relating to Borrower Defense to Repayment	- Establishes that upon the date of enactment, for loans that first originate before July 1, 2035, the provisions of subpart D of part 685 of title 34, Code of Federal Regulations, relating to borrower defense to repayment will not be in effect. - Upon enactment of this section, for loans that first originate before July 1, 2035, any regulations related to the borrower defense to repayment rule that took effect on July 1, 2020, will be restored and revived as if it were in effect on such date.	Effective upon enactment, July 4, 2025	N/A	Yes Delays implementation of the Biden Administration's Borrower Defense to Repayment regulations until July 2035, at which time the Department may revise or repeal such regulations. The Department will publish a Federal Register notice that restores the regulations that were in effect on July 1, 2020	N/A
Sec. 85002 Delay of Rule Relating to Closed School Discharges	- Closed school discharge rules published on November 1, 2022, will not apply to loans first originated before July 1, 2035, under sections 674.33(g), 682.402(d), and 685.215. - Establishes that for those loans that first originate before July 1, 2035, the portions of the code related to closed school discharges made prior to the November 2022 Department of Education regulations will be in effect.	Effective upon enactment, July 4, 2025	N/A	Yes Delays the Closed School Discharge regulations until July 2035, reinstating the July 1, 2020, regulations	N/A



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Alaska Student Loan Corporation

FINANCE OFFICE

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To: Alaska Student Loan Corporation Members
Thru: Kerry Thomas, Executive Officer
From: Julie Pierce, Chief Finance Officer
Date: November 6, 2025
Re: Annual Financial Reports

The Alaska Student Loan Corporation's (Corporation) annual financial reports for the year ended June 30, 2025 have been finalized.

Reports included herein:

Management's Discussion and Analysis and Financial Statements (Financial Statements);
Letter to the Board and Schedule of Expenditures of Federal Awards Reports

Management's Discussion and Analysis and Financial Statements

The Statements of Revenues, Expenses and Changes in Net Position are on page 12 of the Financial Statements. These statements reflect the Corporation's income of \$7.6 million and \$9.5 million for the years ended June 30, 2025 and 2024, respectively.

Following is a brief summary of the significant items that contributed to net income for fiscal year 2025.

Net income, or change in net position, is the difference between net operating income and expense for the year.

Operating income consists primarily of interest income on education loans, and earnings on investments offset with loan-related provision for loan related losses. Total net operating income was \$15.8 million for fiscal year 2025, a \$1.5 million decrease from net operating income of \$17.3 million for fiscal year 2024.

Interest income on loans declined approximately \$1.9 million to \$6.6 million in fiscal year 2025, compared to \$8.5 million in fiscal year 2024, primarily due to a decrease in loans receivable.

The provision for loan related loss is an adjustment to income for the annual change in estimated allowances for uncollectible loans and related accrued interest net of charged off balances. The annual provision increased by \$2.8 million to \$4.1 million in fiscal year 2025, compared with \$1.3 million in fiscal year 2024. This increase was primarily

due to a change in criteria in identifying loans receivable considered to be non-performing for purposes of estimating the allowance for loan loss.

Investment income increased \$3.0 million to \$13.2 million in fiscal year 2025, compared with income of \$10.2 million in fiscal year 2024. The increase is due to an increase in invested balances and a higher rate of return on investments.

Operating expense for administrative costs increased approximately \$1.0 million in fiscal year 2025 compared to fiscal year 2024 primarily due to an increase in personal service costs.

The Alaska Commission on Postsecondary Education (ACPE) originates loans for the Corporation and services the Corporation's loan portfolio, therefore, the majority of administrative costs reported on the Corporation's financial statements represent reimbursements to ACPE.

The Statements of Net Position reflecting asset, liability and net position balances, at June 30 is on page 11.

Current assets are those available and reasonably expected to be used to pay current liabilities or cover the cost of operations in the next fiscal year. The increase in total assets is due to the increase in investment balances offset with a decrease in loans receivable due to the write off of non-performing loan balances and loan principal repayments exceeding loan originations.

Current liabilities are those expected to be satisfied in the next fiscal year.

Unrestricted net position increased in fiscal year 2025 attributable to net income.

Letter to the Board

This letter is a required communication between the external auditor and the board. It is designed to communicate information about the auditor's responsibilities under generally accepted auditing standards, Government Auditing Standards and the Uniform Guidance, as well as information related to the scope and timing of the audit.

Expenditures of Federal Awards Reports

The Office of Management and Budget has not released the 2025 compliance supplements; therefore, the single audit reports and Schedule of Expenditures of Federal Awards reports have not yet been finalized. As soon as the compliance supplement is issued, we will coordinate with Elgee Rehfeld, and complete the drafting and issuance of the single audit report in accordance with Government Auditing Standards (GAS).

If you have any questions or wish to discuss any of these reports, please do not hesitate to give me a call at 907-465-6757 or send me an email at julie.pierce@alaska.gov.

ALASKA STUDENT LOAN CORPORATION
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis and
Financial Statements

Years Ended June 30, 2025 and 2024

Together with Independent Auditor's Report

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Years Ended June 30, 2025 and 2024

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ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended June 30, 2025 and 2024

This discussion and analysis of the Alaska Student Loan Corporation's (Corporation) history, financial position at, and financial performance for, the fiscal years ended June 30, 2025, and 2024 is being presented to assist readers in understanding the Corporation's structure, activities and significant financial issues. The presentation of financial information for fiscal year ended June 30, 2023 is included for year over year information purposes only.

This information is required supplementary information and should be read in conjunction with the Independent Auditor's Report and the audited financial statements and accompanying notes, all of which follow.

History

The State of Alaska (State) established its first loan program for undergraduate students studying at an accredited institution in 1968. The program was funded directly by the State and administered by the State's then-named Department of Education. This activity was considered a primary government function and financial reporting was included in the governmental fund section of the State's annual comprehensive financial report.

The Alaska Commission on Postsecondary Education (Commission) was created in 1974 to be the coordinating agency for postsecondary education, to administer student financial aid programs, to coordinate and plan for postsecondary education in the State, as well as to authorize and regulate postsecondary education institutions in Alaska. The education loan programs administered by the Commission were funded by the State. The Commission resides within the Department of Education and Early Development for budgetary purposes but is not subject to the direction of the Commissioner of Education and Early Development or the State Board of Education. The Commission's activity is considered a primary government function and financial activity is included in the governmental fund section of the State's annual comprehensive financial report.

The Corporation was created in 1987 as a public corporation and governmental instrumentality within the Department of Education and Early Development with a legal existence independent of and separate from the State. Therefore, the Corporation is not a part of the State's primary government. The financial activity related to the Corporation is reported as a discretely presented component unit in the State's annual comprehensive financial report.

The Corporation was created to raise alternative financing for education loans through the issuance of debt. The Corporation's goal is to provide low-cost education loans to Alaskans pursuing education and training at a postsecondary level and for other qualified individuals attending postsecondary institutions in the State. By statute the Corporation has one employee, the Executive Officer. The employees of the Commission serve as staff for the Corporation. In 1987, the Corporation entered into an agreement with the Commission for administrative services related to its loan programs. In April of 1988, the assets and liabilities of the State's existing education loan programs were transferred to the Corporation effective December 1987.

The Corporation cannot be terminated as long as it has debt outstanding. Upon termination, the Corporation's rights and property pass to the State.

ALASKA STUDENT LOAN CORPORATION
 (A Component Unit of the State of Alaska)
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Years Ended June 30, 2025 and 2024

Under contract with the Corporation, the Commission awards and originates the Corporation's education loans and services the Corporation's education loan portfolio. Additional information is available at acpe.alaska.gov. The Corporation funds the Commission's expenditures that relate to loan program administration.

The loan program includes various Federal Family Education Loan Program (FFELP) loans (Federal loans) governed by the Higher Education Act (HEA) and State Education loans (State loans) governed by State statutes. Loans are both fixed and variable rate loans. The loan program was structured to provide eligible borrowers with low-cost financial aid options. Students are encouraged to maximize their grant and lowest cost loan options prior to tapping into alternative sources.

Program Highlights

- Federal loans are no longer being originated. The Corporation continues to hold and administer its FFELP portfolio. Loans in that portfolio are guaranteed by Ascendium Education Solutions, Inc.
- The Corporation continues to originate State loans, as well as administer its State loan portfolio. State loans are not supported by collateral nor are they guaranteed.
- Federal loans are no longer being originated. At June 30, 2025, the Corporation's gross loan portfolio was 87% State loans and 13% Federal loans.
- State loans have been made to borrowers meeting FICO score requirements of at least 640. Refinance borrowers must also meet minimum FICO score requirements.
- All State Consolidation Loans were made subject to credit criteria which included good repayment histories on the underlying loans for the eighteen months preceding consolidation or a FICO score of at least 680.
- Credit-ready loans disbursed on or after July 1, 1998 and before July 1, 2009 were made to borrowers with no adverse credit history.

Financial Highlights

- Financing education loans

The Corporation last issued bonds, for the purpose of financing new education loans, in June 2007. From July 2007 through 2011, the Corporation used non-pledged loan payments and proceeds from a State loan to finance education loans. Since 2011, loan originations are funded with non-pledged loan receipts and investment receipts.

ALASKA STUDENT LOAN CORPORATION
 (A Component Unit of the State of Alaska)
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Years Ended June 30, 2025 and 2024

- **Loan Volume**

Annual loan originations decreased 12%, and increased 30% in fiscal years 2025 and 2024, respectively. Absent significant increases in operating costs or material changes in the loan program, the Corporation anticipates continuing to meet loan demand with loan payments and investment balances for the next several years. When loan payments and investment balances are no longer sufficient, the Corporation anticipates issuing debt to meet loan demand.

Overview of the Financial Statements

The Corporation's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method of accounting, the same method used by private sector businesses, revenues are recognized when earned and expenses when incurred. The basic financial statements of the Corporation are as follows:

Statement of Net Position – This statement presents information regarding the Corporation's assets, liabilities and net position at a point in time. Net position represents the total amount of assets less the total amount of liabilities. This statement reflects the Corporation's financial health at the end of the year. Over time, changes in net position serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

Assets and liabilities are classified as current or noncurrent on the Statements of Net Position. Current assets are those available and reasonably expected to be used to pay current liabilities or cover the cost of operations in the next fiscal year. Current liabilities are those expected to be due in the next fiscal year. Assets and net position are further classified as either restricted or unrestricted. The restricted classification is used when constraints are imposed by external sources or enabling legislation. Restricted assets are classified as noncurrent unless the restriction is short-lived (less than a year).

Statement of Revenues, Expenses, and Changes in Net Position – This statement measures the activities of the Corporation's operations over the past year and presents the change in net position for the year. This statement can be used to determine whether the Corporation has successfully recovered its costs through education loan and investment income.

Statement of Cash Flows – This statement provides information about the sources and uses of the Corporation's cash and the change in the cash balance during the fiscal year.

Notes to Financial Statements – This section provides information that is essential to a full understanding of the basic financial statements described above.

Financial Analysis

- The Corporation's total assets at June 30, 2025, and 2024, were \$230, and \$223 million, respectively. The change in assets from fiscal year 2025 to 2024 was an increase of \$7 million or 3%.

ALASKA STUDENT LOAN CORPORATION
(A Component Unit of the State of Alaska)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2025 and 2024

- The Corporation's net education loans receivable were \$78, and \$86 million, at June 30, 2025, and 2024, respectively. These balances represent a decrease in fiscal year 2025 of \$8 million or 10%.
- The assets of the Corporation exceed its liabilities (reported as net position) at the close of fiscal year 2025, and 2024 by \$230, and \$222 million, respectively. These balances represent an increase in fiscal year 2025 of \$8 million or 4%.
- The Corporation's net operating income was \$16 million, compared with net operating income of \$17 million, for fiscal year ended June 30, 2025, and 2024, respectively. These balances represent a decrease in net operating income in fiscal year 2025 of \$1 million.
- The Corporation's operating administration expense was \$8 million during both fiscal years 2025, and 2024.

The following condensed financial information reflects changes during the fiscal year:

Statement of Net Position (in thousands)				
	2025	2024	\$ Change	% Change
Assets:				
Current	\$ 15,851	24,457	(8,606)	(35)
Noncurrent	214,641	198,241	16,400	8
Total assets	\$ 230,492	222,698	7,794	3
Liabilities:				
Current	\$ 1,131	968	163	17
Total liabilities	1,131	968	163	17
Net position:				
Unrestricted	229,361	221,730	7,631	3
Total net position	229,361	221,730	7,631	3
Total liabilities and net position	\$ 230,492	222,698	7,794	3

ALASKA STUDENT LOAN CORPORATION
(A Component Unit of the State of Alaska)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2025 and 2024

Statement of Net Position (in thousands)

	2024	2023	\$ Change	% Change
Assets:				
Current	\$ 24,457	25,278	(821)	(3)
Noncurrent	198,241	188,336	9,905	5
Total assets	\$ <u>222,698</u>	<u>213,614</u>	<u>9,084</u>	4
Liabilities:				
Current	\$ 968	1,383	(415)	(30)
Total liabilities	<u>968</u>	<u>1,383</u>	<u>(415)</u>	(30)
Net position:				
Unrestricted	221,730	212,231	9,499	4
Total net position	<u>221,730</u>	<u>212,231</u>	<u>9,499</u>	4
Total liabilities and net position	\$ <u>222,698</u>	<u>213,614</u>	<u>9,084</u>	4

The fiscal year 2025 decrease in current assets was due to a decrease in current receivable on loans and current interest receivable on loans. Loan balances classified as current are those expected to be paid in the next twelve months. Net interest receivable on loans overall is declining due to the decline in the loan portfolio for the last several years. Investment balances classified as current are those expected to be consumed in the next twelve months. There were no investment balances classified as current as of June 30, 2025 or 2024.

The fiscal year 2025 increase in noncurrent assets was due to the increase in noncurrent investments offset with a decrease in noncurrent loans receivable. The decrease in noncurrent loans receivable is the result of loan payments continuing to exceed loan originations. Noncurrent investments increased due to collections on loans exceeding investments utilized for loan originations and administrative costs.

Current liabilities were \$1 million in both fiscal year 2025, and 2024, and primarily consist of amounts due to the State of Alaska. Unrestricted net position increased in fiscal year 2025 because net operating income exceeded other operating expenses.

ALASKA STUDENT LOAN CORPORATION
(A Component Unit of the State of Alaska)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2025 and 2024

Statements of Revenue, Expenses and Changes in Net Position (in thousands)

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Net operating income (loss)	\$ 15,785	17,310	(1,525)	(9)
Operating expense	<u>(8,154)</u>	<u>(7,811)</u>	<u>(343)</u>	4
Change in net position	7,631	9,499	(1,868)	(20)
Net position - beginning	<u>221,730</u>	<u>212,231</u>	<u>9,499</u>	4
Net position - ending	<u>\$ 229,361</u>	<u>221,730</u>	<u>7,631</u>	3

Statements of Revenue, Expenses and Changes in Net Position (in thousands)

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Net operating income (loss)	\$ 17,310	18,610	(1,300)	(7)
Operating expense	<u>(7,811)</u>	<u>(8,848)</u>	<u>1,037</u>	(12)
Change in net position	9,499	9,762	(263)	(3)
Net position - beginning	<u>212,231</u>	<u>202,469</u>	<u>9,762</u>	5
Net position - ending	<u>\$ 221,730</u>	<u>212,231</u>	<u>9,499</u>	4

Net operating income represents interest on education loans, loan-related provisions, earnings on investments and other revenue. Interest on education loans continues to decline due to the decline in the loan portfolio. The gross loan portfolio decreased 8% in fiscal year 2025. Yield on loans was 7% for both fiscal years 2025 and 2024. The provisions change as performance and balance of the loan and interest receivable portfolio changes. Additionally, in fiscal year 2025, the Corporation implemented a change in criteria in identifying loans receivable considered to be non-performing for purposes of estimating allowance for loan loss. The investment portfolio balance increased in fiscal year 2025. Yield on investments was 9% and 8% in fiscal year 2025 and 2024, respectively.

Operating expense was \$8 million in both 2025 and 2024, and represents administrative and other income and expense.

ALASKA STUDENT LOAN CORPORATION
(A Component Unit of the State of Alaska)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2025 and 2024

Rate Discounts

Borrower benefits are intended to lower borrowers' interest costs. Rate discounts awarded in fiscal years 2025, and 2024 resulted in forgone interest on loans of approximately \$46, and \$50, respectively. The impact of these discounts is recorded as a reduction to interest on loans. Information related to borrower benefits can be found at acpe.alaska.gov/myrate.

Contacting the Corporation

This financial report is designed to provide borrowers, investors, creditors and other readers with a general overview of the Corporation's finances. If you have questions about this report or need additional financial information, contact the Corporation at (907) 465-6740.



Elgee Rehfeld

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Alaska Student Loan Corporation
Juneau, Alaska

Report on the Financial Statements

Opinion

We have audited the financial statements of the Alaska Student Loan Corporation (the Corporation), a component unit of the State of Alaska, as of and for the years ended June 30, 2025 and 2024, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives 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 GAAS and GAS will always detect a material misstatement when it exists. 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. Misstatements 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.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- 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.
- Conclude whether, in our judgment, 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.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Elgee Rehfeld

September 30, 2025

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Statements of Net Position

June 30, 2025 and 2024

(in thousands)

	<u>2025</u>	<u>2024</u>
Assets:		
Current assets:		
Cash (note 3)	\$ 615	604
Other	25	-
Interest receivable on investments	22	42
Interest receivable on loans (notes 4 and 5)	2,001	1,800
Loans receivable (notes 4 and 5)	<u>13,188</u>	<u>22,011</u>
Total current assets	<u>15,851</u>	<u>24,457</u>
Noncurrent assets:		
Interest receivable on loans, net (notes 4 and 5)	1,016	1,855
Loans receivable, net (notes 4 and 5)	64,870	63,988
Investments (note 3)	<u>148,755</u>	<u>132,398</u>
Total noncurrent assets	<u>214,641</u>	<u>198,241</u>
Total assets	<u>\$ 230,492</u>	<u>222,698</u>
Liabilities and Net Position:		
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Due to State of Alaska	\$ 1,137	1,034
Due from U.S. Dept. of Education (note 6)	(24)	(71)
Accounts payable	<u>18</u>	<u>5</u>
Total liabilities	<u>1,131</u>	<u>968</u>
Net position:		
Unrestricted (note 2)	<u>229,361</u>	<u>221,730</u>
Total net position	<u>229,361</u>	<u>221,730</u>
Total liabilities and net position	<u>\$ 230,492</u>	<u>222,698</u>

See accompanying Notes to Financial Statements.

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2025 and 2024

(in thousands)

	<u>2025</u>	<u>2024</u>
Operating income:		
Interest on loans, net (note 2)	\$ 6,640	8,461
Provision (note 5)	(4,068)	(1,334)
Investment income, net (note 2)	<u>13,213</u>	<u>10,183</u>
Total net operating income	<u>15,785</u>	<u>17,310</u>
Operating expense:		
Administration and other	<u>8,154</u>	<u>7,811</u>
Total operating expense	<u>8,154</u>	<u>7,811</u>
Change in net position	7,631	9,499
Total net position - beginning	<u>221,730</u>	<u>212,231</u>
Total net position - ending	<u>\$ 229,361</u>	<u>221,730</u>

See accompanying Notes to Financial Statements.

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

(in thousands)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Principal payments received on loans	\$ 14,234	17,719
Interest received on loans	4,784	5,614
Other receipts (payments)	23	(39)
Loans originated	(7,845)	(8,956)
Administration	<u>(8,061)</u>	<u>(8,200)</u>
Net cash provided by operating activities	<u>3,135</u>	<u>6,138</u>
Cash flows from investing activities:		
Income on investments	14,933	3,521
Investments matured or sold	20,378	23,113
Investments purchased	<u>(38,435)</u>	<u>(32,774)</u>
Net cash used for investing activities	<u>(3,124)</u>	<u>(6,140)</u>
Net increase (decrease) in cash	11	(2)
Cash at beginning of period	<u>604</u>	<u>606</u>
Cash at end of period	<u>\$ 615</u>	<u>604</u>
		(Continued)

See accompanying Notes to Financial Statements.

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Statements of Cash Flows (continued)

Years Ended June 30, 2025 and 2024

(in thousands)

	<u>2025</u>	<u>2024</u>
Reconciliation of change in net position to cash flows from operating activities:		
Change in net position	\$ <u>7,631</u>	<u>9,499</u>
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Provision	4,068	1,334
Income received on investments	(14,933)	(3,521)
Unrealized (gain) loss on investments	1,700	(6,647)
Change in assets and liabilities:		
Decrease (increase) in other assets	(25)	11
Decrease (increase) in interest receivable on investments	20	(15)
Increase in interest receivable on loans	(710)	(1,280)
Decrease in loans receivable	5,221	7,172
Decrease in due from U.S. Dept. of Education	47	13
Increase (decrease) in net due to State of Alaska	103	(379)
Increase (decrease) in accounts payable	<u>13</u>	<u>(49)</u>
Total adjustments	<u>(4,496)</u>	<u>(3,361)</u>
Net cash provided by operating activities	\$ <u>3,135</u>	<u>6,138</u>

See accompanying Notes to Financial Statements.

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

(1) Authorizing Legislation and Organization

The Alaska Student Loan Corporation (Corporation), a component unit of the State of Alaska (State), was created in 1987 by an act of the State Legislature (Legislature). The purpose of the Corporation is to provide low-cost education loans to Alaskans pursuing education and training at a postsecondary level and for other qualified individuals attending postsecondary institutions in the State. The Corporation is authorized, with certain limitations, to issue debt necessary to carry out its purpose. The Corporation is governed by a Board of Directors (Board) appointed by the State Governor.

The Corporation contracts with the Alaska Commission on Postsecondary Education (Commission) to service its loan portfolio and to provide staff for the Corporation. The Commission, a part of the State's general government, is responsible for staff costs; therefore, the Corporation has no pension disclosure.

(2) Summary of Significant Accounting Policies***(a) Fund Accounting***

The financial activities of the Corporation are recorded in various funds as necessitated by sound fiscal management. The funds are combined for financial statement purposes and there are no significant interfund transactions. The Corporation is considered an enterprise type proprietary fund for financial reporting purposes with revenues recognized when earned and expenses when incurred.

(b) Fiscal Year

The Corporation's fiscal year begins July 1 and ends June 30, consistent with the State's fiscal year.

(c) Operating Revenue and Expense

The Corporation was created with the authority to issue debt in order to finance education loans to qualified borrowers. Operating revenue is derived from interest on education loans and earnings on investments. Operating revenue is offset by the loan and interest related provisions. The cost of financing and servicing education loans is considered operating activity.

(d) Management Estimates

To prepare financial statements in accordance with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect reported amounts. Actual amounts could differ from estimates.

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Notes to Financial Statements

(2) Summary of Significant Accounting Policies (cont.)***(e) Loans***

Loans represent education loans which include Supplemental Education, Alternative Consolidation, Refinanced (REFI), Teacher Education (TEL), Family Education (FEL), (collectively referred to as State loans), federally guaranteed Stafford (subsidized and unsubsidized), PLUS, and Consolidation (subsidized and unsubsidized) loans (collectively referred to as Federal loans). Loan terms vary depending on year of origination and type.

(f) Interest on Loans

Interest on loans is accrued when earned at fixed and variable rates ranging from 2.63% to 10.00%.

Non-interest bearing loans were approximately \$60 and \$46 at June 30, 2025, and 2024, respectively.

The impact of borrower benefits awarded to eligible borrowers is recorded as a reduction in interest on loans.

The change in the yield restriction payable, if any, is recorded as an adjustment to interest on loans.

(g) Allowances and Provision

The allowances represent management's estimate, based on experience, of loans and related accrued interest that will ultimately be uncollectible or forgiven. The Corporation writes off State loans upon death, total disability, bankruptcy discharge, or when payment activity is no longer anticipated. The Corporation writes off the portion of Federal loan balances not guaranteed and deemed uncollectible. Accrued unpaid interest is written off when the related loan is written off. A borrower of a TEL can obtain up to 100% forgiveness of loan principal and interest if the borrower teaches in rural Alaska for periods specified by the program.

The provision is an income statement expense for the annual change in the allowances, net of annual write off, for uncollectible loans and related accrued interest.

(h) Income Taxes

The Corporation, as a governmental instrumentality, is exempt from Federal and State income taxes.

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Notes to Financial Statements

(2) Summary of Significant Accounting Policies (cont.)***(i) Investments and Investment Income***

The Corporation invests in the State's internally managed General Fund and Other Non-segregated Investments Pool (GeFONSI). GeFONSI consists of investments in the State's internally managed Short-term, Short-term Liquidity and Intermediate-term Fixed Income Pools. Additional information with regard to the GeFONSI can be found in Treasury's *Invested Assets Under the Investment Authority of the Commissioner of Revenue's Independent Auditors' Report* (GeFONSI Report) at treasury.dor.alaska.gov/Investments/Annual-Investment-Reports.aspx.

The Corporation also invests in money market funds. Money market funds maintain a share price of \$1 and are reported at amortized cost. The Corporation's shares in money market funds fluctuate daily with contributions and withdrawals. Investments in specific securities are reported at fair value.

(j) Due to State of Alaska

Amounts due to the State of Alaska represent the net difference between amounts held by the Corporation on behalf of the State, amounts paid by the Corporation on behalf of the Commission and amounts paid by the Commission on behalf of the Corporation.

(k) Unrestricted Net Position

Unrestricted net position represents net assets not pledged as collateral to secure payment of debt.

(l) Recent Accounting Pronouncements**Recently Adopted Accounting Pronouncements**

GASB 101 – Compensated Absences – Effective for fiscal year 2025, the Corporation implemented the provisions of GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB 101 also establishes guidance for measuring a liability for leave that has not been used. Implementation of this guidance did not have a financial impact.

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Notes to Financial Statements

(2) Summary of Significant Accounting Policies (cont.)

GASB 102 – Certain Risk Disclosures – Effective for fiscal year 2025, the Corporation implemented the provisions of GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to the Corporation’s vulnerabilities due to certain concentrations or constraints. This Statement requires the Corporation to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires the Corporation to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Implementation of this guidance did not have a financial impact.

Upcoming Accounting Pronouncements

The Governmental Accounting Standards Board has issued several new accounting standards required to be implemented in coming financial reporting periods. Management has not fully evaluated the potential effects of these statements:

GASB 103 – Financial Reporting Model Improvements – Effective for fiscal year 2026, the objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing the Corporation’s accountability. This Statement introduces various new requirements and addresses certain application issues over Management’s Discussion and Analysis, Unusual or Infrequent Items, the Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, Major Component Unit Information, and Budgetary Comparison Information presented in the financial statements.

GASB 104 – Disclosure of Certain Capital Assets – Effective for fiscal years beginning after June 15, 2025, the objective of this Statement is to provide users of Corporation financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34.

(m) Reclassifications

Certain reclassifications have been made to the 2024 financial statements to conform to the 2025 presentation.

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Notes to Financial Statements

(3) Cash and Investments**(a) Cash**

- (1) Cash summarized by classification at June 30 follows:

	<u>2025</u>	<u>2024</u>
Current, unrestricted	\$ <u>615</u>	<u>604</u>

(2) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, deposits may not be returned. The Corporation has not established a custodial credit risk policy for its deposits.

At June 30, 2025, the Corporation had no cash exposed to custodial credit risk.

(b) Investments

- (1) The fair value at June 30, of the Corporation's investments, by classification, follows:

	<u>2025</u>	<u>2024</u>
Noncurrent, unrestricted	\$ <u>148,755</u>	<u>132,398</u>
Total	\$ <u>148,755</u>	<u>132,398</u>

(2) Investment Policies

The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested.

Unrestricted funds may be invested in the various investment pools managed by the State of Alaska's Department of Revenue, Treasury Division. Investments in Treasury's fixed-investment pools are made in accordance with the State's General Investment Policy. These investments represent an ownership share of the pool's securities rather than ownership of specific securities. A complete description of the State's investment policy is at treasury.dor.alaska.gov/investments.

Unrestricted funds not managed by Treasury are managed by an external investment manager in compliance with the Corporation's investment policy which allows investments in:

- Fixed income money or mutual funds if rated, rated "AAA", and if not rated, underlying holdings must be rated "AAA".

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Notes to Financial Statements

The highest rating of a nationally recognized rating agency is the rating used to determine compliance with this policy.

A complete description of the ASLC investment policy & procedure is at https://acpe.alaska.gov/Investor_Relations

(3) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Corporation's ownership share of the GeFONSI was 0.05%, and 0.04% at June 30, 2025 and 2024, respectively.

Credit risk information relative to investments in the GeFONSI and other pooled investments can be found in the State's Investment Report.

(4) Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of investments in a single investment provider. At June 30, 2025, the Corporation had no investment balances greater than five percent of the Corporation's total investments with a single investment provider.

Concentration risk information relative to investments in the GeFONSI and other pooled investments can be found in the State's Investment Report.

(5) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Corporation mitigates interest rate risk by structuring maturities to meet cash requirements.

Interest rate risk information relative to the Corporation's investment in the GeFONSI and other pooled investments can be found in the State's Investment Report.

(6) Fair Value Measurements

Fair value measurements relative to investments in the GeFONSI and other pooled investments can be found in the State's Investment Report.

(c) *Other*

Unrestricted cash and unrestricted investments specifically designated for financing education loans include \$2,360 and \$1,919 at June 30, 2025 and 2024, respectively.

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Notes to Financial Statements

(4) Loans Receivable and Interest Receivable on Loans**(a)** The loan portfolio summarized by classification at June 30 follows:

	<u>2025</u>	<u>2024</u>
State loans:		
Current, unrestricted	\$ 11,001	11,447
Noncurrent:		
Unrestricted	<u>73,724</u>	<u>79,809</u>
Total, gross State loans	84,725	91,256
Federal loans:		
Current, unrestricted	2,187	10,564
Noncurrent:		
Unrestricted	<u>10,679</u>	<u>4,326</u>
Total, gross Federal loans	<u>12,866</u>	<u>14,890</u>
Total, gross loans	<u>97,591</u>	<u>106,146</u>
Allowance for doubtful loans	19,533	20,034
Allowance for principal forgiveness	<u>-</u>	<u>113</u>
Total allowance	<u>19,533</u>	<u>20,147</u>
Total, net loans	<u>\$ 78,058</u>	<u>85,999</u>
Current, unrestricted	\$ 13,188	22,011
Noncurrent:		
Unrestricted	<u>64,870</u>	<u>63,988</u>
Total, net loans	<u>\$ 78,058</u>	<u>85,999</u>

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Notes to Financial Statements

(4) Loans receivable and interest receivable on loans (cont.)**(b)** The loan portfolio summarized by program at June 30 follows:

	<u>2025</u>	<u>2024</u>
State Education Loans		
Supplemental	\$ 61,187	65,535
Consolidation	3,168	3,923
Refinanced	18,040	19,037
Teacher Education	953	1,241
Family Education	<u>1,377</u>	<u>1,520</u>
Total State Loans	<u>84,725</u>	<u>91,256</u>
Federal Family Education Loans		
Stafford	10,137	11,822
Consolidation	2,396	2,730
PLUS	<u>333</u>	<u>338</u>
Total Federal Loans	<u>12,866</u>	<u>14,890</u>
Total, gross loans	<u>\$ 97,591</u>	<u>106,146</u>

(c) The loan portfolio summarized by status at June 30 follows:

	2025		2024	
	State	Federal	State	Federal
Enrollment	\$ 9,419	34	8,503	34
Grace	2,780	-	2,434	-
Repayment	67,778	10,595	74,771	12,532
Deferment	4,293	784	4,902	1,032
Forbearance	455	1,453	646	1,292
Total	\$ 84,725	12,866	91,256	14,890

(d) Loans awarded not disbursed at June 30 follows:

	<u>2025</u>	<u>2024</u>
State Education Loans		
Supplemental	\$ 2,195	1,814
Refinanced	115	16
Family Education	<u>50</u>	<u>89</u>
Total State Loans	<u>\$ 2,360</u>	<u>1,919</u>

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Notes to Financial Statements

(4) Loans receivable and interest receivable on loans (cont.)

(e) The interest receivable on loans summarized by classification at June 30 follows:

	<u>2025</u>	<u>2024</u>
Interest Receivable on Loans:		
Current, unrestricted	\$ 2,001	1,800
Noncurrent:		
Unrestricted	<u>6,825</u>	<u>7,873</u>
Total, gross interest receivable on loans	8,826	9,673
Less:		
Doubtful interest	5,809	6,013
Interest forgiveness	<u>-</u>	<u>5</u>
Total allowance	<u>5,809</u>	<u>6,018</u>
Total, net interest receivable on loans	\$ <u>3,017</u>	<u>3,655</u>
Current, unrestricted	\$ 2,001	1,800
Noncurrent:		
Unrestricted	<u>1,016</u>	<u>1,855</u>
Total, net interest receivable	\$ <u>3,017</u>	<u>3,655</u>

(5) Allowances and Provision

A summary of activity in the allowances at June 30 follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of period	\$ 26,165	54,141
Provision	4,068	1,334
Balances charged off	<u>(4,891)</u>	<u>(29,310)</u>
Balance, end of period	\$ <u>25,342</u>	<u>26,165</u>
	<u>2025</u>	<u>2024</u>
Allowance for:		
Doubtful loans	\$ 19,533	20,034
Principal forgiveness	-	113
Doubtful interest	5,809	6,013
Interest forgiveness	<u>-</u>	<u>5</u>
Total	\$ <u>25,342</u>	<u>26,165</u>

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Notes to Financial Statements

(6) Federal Family Education Loan Program

Ascendium Education Solutions, Inc. is the guarantor for the Corporation's FFELP portfolio.

As a holder of Federal loans, the Corporation receives claim, special allowance and interest subsidy payments and pays excess interest and rebate fees on federally guaranteed loans as specified in the Higher Education Act (HEA).

Claim payments are received from the guarantor when a borrower dies, becomes totally and permanently disabled, or defaults on a Federal loan. The Corporation is eligible for these payments provided compliance with servicing requirements outlined in the HEA. Failure to fulfill the requirements may result in an interest penalty or loss of guarantee. In the case of a default claim, unpaid principal and interest are guaranteed at 98% if the loan was first originated prior to July 1, 2006, and 97% if the loan was first originated after June 30, 2006. Claims as a result of a borrower's death or becoming totally and permanently disabled are guaranteed at 100%.

Special allowance payment rates are calculated quarterly, by the Department, based on the quarter's daily average one-month LIBOR, plus a predetermined factor that varies according to loan type, disbursement date, loan status, and not-for-profit eligibility of the lender less the loan's applicable interest rate. When the calculated rate is positive, special allowance payments are received from the Department; when the calculated rate is negative, the Corporation pays excess interest to the Department on loans first disbursed after April 1, 2006.

Interest subsidies are received quarterly from the Department on behalf of qualified subsidized Stafford or subsidized Consolidation loan borrowers during enrollment, grace, deferment and eligible income-based repayment periods.

A rebate fee, equal to 0.09% of the unpaid principal and interest on consolidation loans, is paid monthly to the Department.

(7) Commitments and Contingencies***(a) Operations***

As of June 30, 2025, the Corporation is committed to fund approximately \$10,858 and \$7 of the Commission's fiscal year 2026 and 2025 operating budgets, respectively, for loan servicing and staff support. The Corporation's and the Commission's budgets are subject to review and approval from both the executive and legislative branches of the State. The Commission's costs funded by the Corporation are based on expenditures incurred by the Commission.

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Notes to Financial Statements

(7) Commitments and Contingencies (cont.)***(b) Return of Capital***

State statutes indicate that the Board may elect to pay the State a return of contributed capital or dividend based on net income. If the Board elects to pay a dividend, the amount may not be less than 10%, or greater than 35%, of the Corporation's net income when it equals or exceeds \$2,000 for the Base Fiscal Year. The Base Fiscal Year is defined as the fiscal year ending two years before the end of the fiscal year in which the payment is made.

Net income (change in net position) in fiscal year 2022 did not exceed \$2,000; therefore, no capital was returned to the State in fiscal year 2024. Net income (change in net position) in fiscal year 2023 did exceed \$2,000; however, the Board approved a motion in fiscal year 2024 that no dividend be declared for fiscal year 2025; therefore, no capital was returned to the State in fiscal year 2025. Net income (change in net position) in fiscal year 2024 did exceed \$2,000; however, the Board approved a motion in fiscal year 2025, that no dividend will be declared for fiscal year 2026.

(c) State Permanent Fund Dividend Garnishment

The Alaska Permanent Fund (Permanent Fund), established in the State Constitution in 1976, is held and managed by the State. The State deposits a percentage of oil and gas royalties into the Permanent Fund. By statute, the State pays a portion of the earnings of the Permanent Fund annually to individuals who apply and meet certain residency requirements, provided that sufficient funds are available for payment. Permanent Fund Dividend (PFD) payments could be eliminated or reduced by an amendment to State statutes. The Commission may garnish a borrower's PFD payment, if any, to satisfy the balance of a defaulted loan pursuant to State statutes. The Commission has garnishment priority over all other executors except State child support enforcement and any court ordered restitution. There is no assurance that any particular borrower will apply or qualify for a PFD payment.

PFD garnishments were approximately \$861 and \$762 for the years ended June 30, 2025 and 2024, respectively.

ALASKA STUDENT LOAN CORPORATION

(A Component Unit of the State of Alaska)

Notes to Financial Statements

(7) Commitments and Contingencies (cont.)***(d) Legislation***

The Corporation's State education loan programs have been the subject of legislative action by the State legislature. The laws governing the programs have been amended from time to time and will continue to be the subject of legislative proposals calling for further amendment. The effect, if any, on the Corporation's State programs cannot be determined.

On January 27, 2025, the OMB of the United States Federal Government instituted a pause (freeze) on the disbursement of federal grant and loan funds, which became effective on January 28, 2025. The extent to which the funding freeze impacts operations, financial results, and cash flows, both current and future, will depend on future developments, which are highly uncertain and cannot be predicted with any measure of certainty or probability. As a result, the Corporation is unable to estimate what impact, if any, the funding freeze has on the June 30, 2025 financial statements or the Corporation's future operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

(8) Subsequent Events

The One Big Beautiful Bill Act, signed into law on July 4, 2025, is a comprehensive federal legislative package designed to transform and modernize the U.S. higher education system. The legislation encompasses a wide range of reforms aimed at enhancing affordability, accessibility, accountability, and equity across colleges and universities nationwide. Several provisions may have direct and indirect consequences for private student loan lenders and servicers. The effect, if any, on the Corporation's State programs cannot be determined, and the financial statements do not include any adjustments that might result from the outcome of this uncertainty.

ALASKA STUDENT LOAN CORPORATION
(a Component Unit of the State of Alaska)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

September 30, 2025



Elgee Rehfeld

Certified Public Accountants

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(907) 789-3178

9309 Glacier Highway, Suite B-200
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Board of Directors
Alaska Student Loan Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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), a component unit of the State of Alaska, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 30, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Elgee Rehfeld

September 30, 2025

ALASKA STUDENT LOAN CORPORATION
(a Component Unit of the State of Alaska)

Letter to the Board

September 30, 2025



Elgee Rehfeld

Certified Public Accountants

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

September 30, 2025

The Board of Directors
Alaska Student Loan Corporation
Juneau, Alaska

We have audited the financial statements of the Alaska Student Loan Corporation (the Corporation), a component unit of the State of Alaska, as of and for the year ended June 30, 2025, and have issued our report thereon dated September 30, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 9, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Corporation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

Our audit standards require we communicate significant risks identified in the planning phase and that we design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by error or fraud. The significant risks identified are consistent with the risks we discussed with you during planning.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Corporation is included in Note 2 to the financial statements. As described in Note 2 to the financial statements, during the year, the entity changed its method of accounting for compensated absences and risk disclosures by adopting Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, and Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*. There was no impact to net position as a result of these implementations.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimates of the allowance for doubtful loans and related interest.

Management's estimate of the allowance for doubtful loans and related interest are based on historical experience and represent the estimate of loans that will ultimately be uncollectible or forgiven. Management also charges off the portion of the federal loan balances not guaranteed and deemed uncollectible. We evaluated the factors and assumptions used to develop the estimates of the allowance for doubtful loans and related interest and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

No such misstatements were identified.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Corporation's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Corporation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Corporation's auditors.

This report is intended solely for the use of the State of Alaska, the Board of Directors and management of Alaska Student Loan Corporation, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Elgee Rehfeld



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Alaska Student Loan Corporation

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September 30, 2025

Elgee Rehfeld LLC.
9309 Glacier Highway, Suite B-200
Juneau, Alaska 99801

Dear Alaska Student Loan Corporation,

This representation letter is provided in connection with your audit of the statements of net position, statement of revenues, expenses and changes in net position and cash flows, which collectively comprise the basic financial statements of the Alaska Student Loan Corporation (the Corporation), a component unit of the State of Alaska, as of June 30, 2025 and 2024, and for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, of the Corporation in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 30, 2025:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 9, 2025, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system 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.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No.34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All net position components and fund balance classifications have been properly reported and, if applicable, approved.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- All required supplementary information is measured and presented within the prescribed guidelines.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- There is no summary of unrecorded misstatements since all adjustments proposed by the auditor, material and immaterial, have been recorded.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All related organizations are properly disclosed.
- We have no capital assets, including infrastructure assets.
- With regard to instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- We have conducted a comprehensive risk assessment and disclosed all material concentrations and constraints in accordance with GASB Statement No. 102, Certain Risk Disclosures. These disclosures provide sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact associated with the concentration or constraint, if applicable.
- We have evaluated the concentrations and constraints, including those that occur subsequent to the statement of net position date but before the financial statements are issued and have been properly disclosed in the financial statements as subsequent events.
- With respect to nonattest services performed by you, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and

- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
- We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- We have a process to track audit findings and recommendations.
- We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Corporation has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Corporation is contingently liable.

- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate, but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
- The Corporation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Single Audits

With respect to federal awards, we represent the following to you:

- We are responsible for understanding and complying with, and have complied with, the 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).
- We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.

- We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedules and that indicates that the auditor has reported on such information.
- We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
- We have notified you of federal awards and funding increments that were received before December 26, 2014 (if any) and differentiated those awards from awards and funding increments received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.
- When the schedule of expenditures of federal awards is not presented with the audited financial statements, we will 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 the entity of the schedule of expenditures of federal awards and the respective auditor's report thereon.
- We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
- We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews, or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to period covered by the auditor's report.
- We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

- We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agencies or pass-through entity, as applicable.
- We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.
- We have charged costs to federal awards in accordance with applicable cost principles.
- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- The reporting package does not contain personally identifiable information.
- We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information.
- We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

In addition:

- We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.
- We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes,

regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs. Also, no changes have been made in the internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significantly deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.

- We do not file a Data Collection Form. We are responsible for coordinating with the State of Alaska legislative auditor for submission of the results of the audit or our federal programs.

Signed: 
Name: Kerry Thomas

Title: Chief Executive Officer

Signed: 
Name: Julie M. Pierce, CPA

Title: Chief Financial Officer



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Alaska Student Loan Corporation

FINANCE OFFICE

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To: Alaska Student Loan Corporation Members
Thru: Kerry Thomas, Executive Officer
From: Julie Pierce, Chief Finance Officer
Date: November 6, 2025
Re: FY27 Dividend to the State

Alaska Statute 14.42.295 states, "The board may elect to pay the state a return of contributed capital, or a dividend, for each base fiscal year that the corporation's net income equals or exceeds \$2,000,000. The payment may not be less than 10% nor more than 35%...of the corporation's net income ..."

From 1999 to 2007, management annually recommended and the Corporation declared returns of capital or dividends totaling \$32.4 million. Net income in 2012, 2013 and from 2017 - 2022 was below the threshold (\$2 million) set in statute relative to declaring a dividend to return capital. From 2008 to 2011, from 2014 to 2016, and again in 2023, the Corporation adopted management's recommendation that no additional dividend be paid to the State but rather conserve that income to support the Corporation's ability to fund its mission-critical programs.

For the year ending June 30, 2025, which is the year relative to a fiscal year 2027 dividend, the Corporation's Change in Net Position was \$7,631,000. Therefore, should the Corporation declare a dividend, it may be no less than \$763,100 and no more than \$2,670,850.

In light of the Corporation's efforts to keep loan interest rates as low as possible for student borrowers, offset past net losses to the Alaska Student Loan Corporation Fund, and continue to operate a sustainable student loan program, management recommends that no dividend be declared for the 2027 fiscal year, or be set at the minimum of 10% of the base year net income. For additional consideration, management is working toward a proposal to revise the statute related to dividend election with the intent to retain net income in Corporation net equity in order to enhance existing loan programs and benefits to students.

Suggested Motion: Move to accept management's recommendation that no ASLC dividend be declared for fiscal year 2027.

Alternate Motion: Move to accept management's recommendation to declare a dividend of 10% of FY25 net income, or \$763,100.