

## Fund Source Report

### 1186 ASLC Bonds Alaska Student Loan Corporation Bonds

Year Authorized	Year Repealed	Active?	Mental Health?	Duplicated?	Fund Group
2005		No	No	No	Bonds / Debt Service

No Appropriations during last 10 years

#### Legal Authority

#### Source of Revenue

Proceeds of bonds secured by the ASLC portfolio

#### Restrictions on Use

Must be spent on capital projects or principal on debt for capital projects (restricted by bond issue conditions)

#### Description and History

For FY05, the ASLC proposes issuing \$75 million in bonds secured by a specific portion of their loan portfolio. The \$75 million would be paid to the State as a return of contributed capital. The interest portion of debt service associated with the bonds would reduce the Corporation's net income by about \$2 million annually. The annual corporate dividend to the State would fall by about \$700,000. (The dividend is up to 35% of net income.) Future bonding and/or cash payments are being considered by ASLC as means to return all contributed capital to the State. Total capital contributed to the ASLC by the State is approximately \$300 million.

If paid in cash, the return of contributed capital would be considered general fund receipts. However, the proceeds of a bond issue are restricted to capital projects and payment of principal on capital debt. Because the proceeds are not unrestricted GF, they are classified as other funds.

The proceeds are considered an unduplicated fund source (atypical for bonds, which usually appear on the fiscal summary as duplicated so that associated debt service can appear as unduplicated) because the amount of debt service paid by the State in the future (or, in the case of corporate dividends paid to the State, the reduction of corporate dividend) is far less than debt service costs that will be paid by the ASLC. Only the interest portion of debt service will affect net income of the corporation (the return of capital is below the bottom line) and dividends are no more than 35% of net income.

December 2017

Deactive code--not used since FY06