



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Sponsor Statement

SB 393

Take Permanent Fund Dividend for University Fees

[This legislation](#) provides the University of Alaska the ability to collect outstanding debt through garnishing a person's permanent fund check in a manner similar to the collection process used by the Alaska Student Loan Corporation on defaulted loans.

Currently, UA has a very aggressive process to collect unpaid tuition, fees and other charges such as dorm fees, parking tickets, lost library books, etc. The process includes notices at 30, 60, 90, 120 and 180 days, administering deferred payment plans, and employing collection agencies.

However, even with these collection efforts there is currently over \$1M owed to the university that is at least 180 days past due. Given the number of Alaska resident students, we estimate that \$800K of the \$1M, that is over 180 days old, is attributed to students receiving a PFD. For appropriate protection of each citizen, this legislation provides for extensive notification, warning and appeals processes in advance of being able to garnish a permanent fund dividend. Therefore, of the \$800K, we estimate about \$400K would be collectible via this mechanism in the first year. Thereafter, that amount will likely decline each year to a minimum of \$100K annually in 5 to 10 years.

This legislation provides UA one additional avenue to collect revenue, that in the past has been un-collectible and written off as bad debt.