

Student loans won't be changed

Juneau — College students worried about legislative rumbles of higher interest rates and other changes to Alaska's student loan program can relax. It appears almost certain the Alaska Legislature will not touch the program this year.

"I don't plan to put my energy into" revising the program. Sen. Joe Josephson, D-Anchorage, said Tuesday. The development is significant because Josephson last year was perhaps the major proponent of "reforming" the program to make it less costly to the state.

Josephson shepherded a sweeping measure (CSSB209) through his Health, Education

and Services Committee that would have raised interest rates from 5 percent to 8 percent and limited loans for vocational education, among other things.

The bill, parts of which drew loud opposition from student lobbyists from the University of Alaska system during hearings last year, is now in the Senate Finance Committee where it likely will remain.

Pete Spivey, Gov. Bill Sheffield's press secretary, said his boss has no plans to pursue a proposal he advanced last year to reduce the program's cost, including cutting in half the maximum amount students could borrow annually. The

maximum now is \$6,000 for undergraduates and \$7,000 for graduate students.

Prospective borrowers must have lived in Alaska for two years to qualify. The residency requirement recently was upheld in federal court.

"About all we're interested in is reducing the default rate," Spivey said, referring to a recent surge in the number of defaults and Attorney General Norman Gorsuch's efforts to force payments by threatening legal action against dead-beats. The rate in the past three months has risen from about 9 percent to around 11 percent.