

# Loan program reform needed

The Associated Press

Alaska's subsidized student loan program "just scares the heck out of" an Anchorage lawmaker, who worries that demand for the 5 percent loans grows as oil revenues decline.

Another lawmaker indicated he will pursue plans to limit loans to vocational students.

Rep. Terry Martin, R-Anchorage, says it's time to reform the program, which costs the state \$60 million this year.

Both he and Sen. Joe Josephson, D-Anchorage, agree the program must be tightened up, Martin said if the current default rate of about 10 percent rises, the program likely would collapse.

Josephson's Health, Education and Social Services Committee last session worked on a measure to reform the program, including a higher loan interest rate and time limits on applying for the loans. The bill could see more action in the next session.

Josephson is spearheading an attempt to limit the number of loans to students entering vocational schools. They account for about 25 percent of the 13,000 borrowers.

The training schools prepare students to become beauticians, secretaries and commercial airline pilots, among other things.

