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Higher Education Fund

Alaska faces unique challenges in postsecondary education access and completion. Alaska ranks last in college participation by students from low-income families. We rank second-to-last in the nation in graduation rates for undergraduates at four-year institutions, measured six years after initial enrollment. By 2025, 65% of all jobs in Alaska will require some form of postsecondary training, yet we rank in the bottom ten states for job preparedness, with just half of Alaskans possessing a postsecondary credential. Addressing this educational attainment gap is essential to our state’s economic prosperity and to ensuring Alaskans are ready for today’s fast-paced, highly competitive marketplace.

Financial assistance programs are critical to increasing student access and success in higher education. Recognizing this, in 2012 the Legislature established the Alaska Higher Education Investment Fund to endow two assistance programs for Alaskans, the merit-based Alaska Performance Scholarship and the needs-based Alaska Education Grant. The fund was initially capitalized with \$400 million.

- The Alaska Performance Scholarship (APS) provides Alaska high school graduates an opportunity to earn up to \$4,755 per year towards their postsecondary education. Recipients can use the scholarship for up to four years at eligible universities, colleges, and career training centers in Alaska.
- The Alaska Education Grant (AEG) provides up to \$4,000 per year of needs-based financial assistance to Alaskans attending qualifying postsecondary institutions in Alaska. Awards are prioritized based on financial need.

Academic and Economic Progress

The Alaska Higher Education Investment Fund and the financial assistance it provides, has been a tremendous success. In just a short period of time, the initiative has increased rigor in our high school curriculums, provided incentive for middle and high school students to achieve academic excellence, and encouraged our best and brightest graduates to stay in Alaska.

High school students are demonstrating behaviors that are positively associated with completing high school, enrolling in postsecondary school and finishing their programs of study. They are taking more rigorous classes in math, science, social studies and languages, getting better grades, and heading to college after graduation. They are better prepared to begin college-level work and more likely to graduate within the standard time – usually two to four years. For Alaskans from lower socio-economic backgrounds and families without access to other financial resources, the availability of financial aid is a determining factor in their ability to complete a postsecondary degree or credential. AEG recipients are typically older than a more traditional undergraduate, have access to fewer sources of aid, and stand to benefit significantly from the economic mobility higher education provides.

- Excelling in High School
- Excelling in College
- Staying in Alaska

- Succeeding in the Workforce

Higher Education Fund Balance & Projection

	FY17	FY18 Budget	FY19	FY20	FY21	FY22
Starting Balance	\$439,484,000	\$369,780,000	\$339,406,033	\$337,935,888	\$336,362,833	\$334,679,665
Additional Deposit	\$ -		\$ -	\$ -	\$ -	\$ -
APS Appropriation	\$ 11,500,000	\$ 11,750,000	\$ 11,750,000	\$ 11,750,000	\$ 11,750,000	\$ 11,750,000
AEG Appropriation	\$ 5,832,800	\$ 5,957,800	\$ 5,957,800	\$ 5,957,800	\$ 5,957,800	\$ 5,957,800
Non-Designated Appropriation*	\$ 95,645,800	\$ 34,870,300	\$ 5,870,300	\$ 5,870,300	\$ 5,870,300	\$ 5,870,300
Total Appropriations	\$112,978,600	\$ 52,578,100	\$ 23,578,100	\$ 23,578,100	\$ 23,578,100	\$ 23,578,100
Investment Earnings	\$ 43,696,000	\$ 22,204,133	\$ 22,107,955	\$ 22,005,045	\$ 21,894,931	\$ 21,777,110
Adjustments	\$ (421,400)					
Ending Balance	\$ 369,780,000	\$ 339,406,033	\$ 337,935,888	\$ 336,362,833	\$ 334,679,665	\$ 332,878,674

*Since FY16, the Higher Education Fund has been appropriated for other programs in the Department of Education and for state assistance to retirement.

Program Funding Jeopardized

The Alaska Higher Education Investment Fund’s annual investment earnings have averaged \$21 million over the last five years, sufficient to provide \$11 million in annual merit scholarships and an additional \$7 million in needs-based assistance, without eroding the funds principal.

However, beginning in FY16 the Fund has been used for other state activities, to include state museum and library operations, and state assistance to public employees and teachers retirement programs (PERS/TRS). While all important and worthy, if non-designated continue at the FY18 crate, the fund’s investment earnings will not be sufficient to cover the APS and AEG programs without eroding the fund’s principal, potentially jeopardizing the long-term viability of both. If appropriations increase to the higher FY17 spending level - the entire Alaska Higher Education Investment Fund could be depleted by 2022.

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