

**HOUSE BILL NO. 229**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

**BY REPRESENTATIVES JOSEPHSON, Drummond**

**Introduced: 1/18/22**

**Referred: Education, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1   **"An Act relating to the Alaska higher education investment fund; and relating to the**  
2   **Alaska Student Loan Corporation."**

3   **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4    \* **Section 1.** AS 14.42.200 is amended to read:

5               **Sec. 14.42.200. General powers.** In addition to other powers granted in this  
6   chapter, the corporation may

7                       (1) sue and be sued in its own name;

8                       (2) adopt an official seal;

9                       (3) adopt regulations under AS 44.62 (Administrative Procedure Act)

10   to carry out the purposes of this chapter;

11                      (4) make and execute agreements, contracts, and other instruments  
12   necessary or convenient in the exercise of the powers and functions of the corporation,  
13   including contracts with a person or governmental entity;

14                      (5) receive, take, hold, and administer, on behalf of the corporation and

1 for any of its purposes, any appropriation, gift, grant, bequest, devise, or donation of  
 2 real property or personal property; in this paragraph, "property" includes

3 (A) money; and

4 (B) life estates, leases, or other interests in property;

5 (6) borrow money as provided in this chapter to carry out its corporate  
 6 purposes and issue its obligations as evidence of the borrowing, if that obligation of  
 7 the corporation is not a debt of the state;

8 (7) include in a borrowing the amounts to pay financing charges,  
 9 interest on the obligations for a period not exceeding one year after the date on which  
 10 the corporation estimates funds will otherwise be available to pay the interest,  
 11 consultant, advisory, and legal fees, and other expenses necessary or incident to the  
 12 borrowing;

13 (8) invest or reinvest, subject to its contracts with noteholders and  
 14 bondholders, money held by the corporation as set out in AS 37.10.071;

15 (9) set and collect interest, fees, and charges in connection with  
 16 education loans or repayment obligations held by the corporation and its servicing  
 17 agents; in this paragraph, "charges" includes costs of financing by the corporation,  
 18 service charges, insurance premiums, and other costs incurred by the corporation in  
 19 carrying out its corporate purposes;

20 (10) gather information on postsecondary education financial resources  
 21 available to residents of this state and disseminate the information to reasonably assure  
 22 that qualified residents are aware of those financial resources;

23 (11) service education loans and repayment obligations held by the  
 24 corporation;

25 (12) finance, purchase, or participate in the financing or purchasing of  
 26 education loans;

27 (13) contract in advance for the financing, purchasing, or sale of  
 28 education loans;

29 (14) sell or participate in the sale, either public or private and on terms  
 30 authorized by the board, of education loans to the Student Loan Marketing Association  
 31 or to other purchasers;

1 (15) collect and pay reasonable fees and charges in connection with the  
2 financing, purchase, sale, and servicing of education loans and repayment obligations;

3 (16) enter into agreements with the federal government, including  
4 guaranty agreements and supplemental guaranty agreements as described in 20 U.S.C.  
5 1001 - 1155, as amended, as necessary to provide for the receipt by the corporation of  
6 administrative allowances and other benefits available under 20 U.S.C. 1001 - 1155,  
7 as amended;

8 (17) administer federal money allotted to the state involving insured  
9 education loans and related administrative costs and other matters;

10 (18) enter into agreements with the commission relating to education  
11 loans and repayment obligations, the administration of the financial aid and loan  
12 programs under AS 14.42.033, AS 14.43.091 - 14.43.849 [AS 14.43.091 - 14.43.750],  
13 14.43.990, and AS 14.44, and the payment of and security for bonds of the  
14 corporation;

15 (19) to the extent permitted under contracts with bondholders, consent  
16 to the modification of the rate of interest, time of payment of an installment of  
17 principal or interest, or other terms of an education loan or repayment obligation held  
18 by the corporation;

19 (20) procure insurance against any loss in connection with the  
20 operation of its programs;

21 (21) provide advisory services to borrowers and other participants in  
22 the corporation's programs;

23 (22) enter into credit facility agreements and make pledges, covenants,  
24 and agreements with respect to the repayment of borrowings under the credit facility  
25 agreements;

26 (23) develop and implement education financing programs; in this  
27 paragraph, "programs" includes

28 (A) programs listed in AS 14.42.030(b)(1);

29 (B) programs for the guaranteeing, servicing, originating, and  
30 financing of education loans for borrowers located both inside and outside the  
31 state; and

(C) federal financial aid programs made under federal law; and  
 (24) perform acts that may be necessary or appropriate to carry out effectively the general objectives and purposes of the corporation under AS 14.42.100 - 14.42.990.

\* **Sec. 2.** AS 14.42 is amended by adding a new section to read:

**Sec. 14.42.203. Creation of subsidiary.** (a) The corporation may create a subsidiary corporation for the purpose of financing or facilitating the financing of medical education under AS 14.42.033, the Alaska education grant program under AS 14.43.400 - 14.43.420, and the Alaska performance scholarship program under AS 14.43.810 - 14.43.849. A subsidiary corporation created under this section may be incorporated under AS 10.20.146 - 10.20.166. The corporation may transfer assets of the corporation to a subsidiary created under this section.

(b) Notwithstanding AS 14.42.300(a), a subsidiary created under this section is subject to AS 37.

(c) Unless otherwise provided by the corporation, the debts, liabilities, and obligations of a subsidiary corporation created under this section are not the debts, liabilities, or obligations of the corporation.

\* **Sec. 3.** AS 14.43.915(a) is amended to read:

(a) The Alaska education grant account is created as an account of [IN] the Alaska Student Loan Corporation [GENERAL FUND]. Money may be appropriated to the account from the Alaska higher education investment fund under AS 37.14.750 and from other sources. The commission may use the money in the account without further appropriation to pay grants awarded under AS 14.43.400 - 14.43.420 and to pay the cost of administration of the Alaska education grant program created under AS 14.43.400.

\* **Sec. 4.** AS 14.43.915(b) is amended to read:

(b) The Alaska performance scholarship award account is created as an account of [IN] the Alaska Student Loan Corporation [GENERAL FUND]. Money may be appropriated to the account from the Alaska higher education investment fund under AS 37.14.750 and from other sources. The commission may use the money in the account without further appropriation to pay scholarships awarded to students

1 under AS 14.43.810 - 14.43.849.

2 \* **Sec. 5.** AS 37.14.750(a) is amended to read:

3 (a) The Alaska higher education investment fund is established **as a separate**  
 4 **fund of** [IN] the **Alaska Student Loan Corporation** [GENERAL FUND] for the  
 5 purpose of making grants awarded under AS 14.43.400 - 14.43.420 by appropriation  
 6 to the account established under AS 14.43.915(a), [AND OF] making scholarship  
 7 payments to qualified postsecondary institutions for students under AS 14.43.810 -  
 8 14.43.849 by appropriation to the account established under AS 14.43.915(b), **and**  
 9 **funding agreements for medical education under AS 14.42.033**. Money in the fund  
 10 does not lapse. The fund consists of

- 11 (1) money appropriated to the fund;
- 12 (2) income earned on investment of fund assets;
- 13 (3) donations to the fund; and
- 14 (4) money redeposited under AS 14.43.915(c).

15 \* **Sec. 6.** AS 37.14.750(c) is amended to read:

16 (c) As soon as is practicable after July 1 of each year, the **Alaska Student**  
 17 **Loan Corporation** [COMMISSIONER OF REVENUE] shall determine the market  
 18 value of the fund established in this section on June 30 for the immediately preceding  
 19 fiscal year. The **corporation** [COMMISSIONER] shall identify seven percent of that  
 20 amount as available for appropriation as follows:

- 21 (1) one-third for the grant account established under AS 14.43.915(a),  
 22 from which the Alaska Commission on Postsecondary Education may award grants;  
 23 and
- 24 (2) two-thirds for the scholarship account established under  
 25 AS 14.43.915(b), from which the Alaska Commission on Postsecondary Education  
 26 may award scholarships.

# 32ND ALASKA STATE LEGISLATURE



## REPRESENTATIVE ANDY JOSEPHSON

### Sponsor Statement for House Bill 229

HB 229 aims to clarify that the Higher Education Investment Fund (HEIF) is not subject to the annual “sweep” of funds into the Constitutional Budget Reserve Fund (CBR) required by Article IX Section 17(d) of the Alaska Constitution and to ensure that this high earning investment account is treated as a true endowment.

Created at the behest of Governor Parnell in 2012 and capitalized with \$400 million, the annual earnings on the HEIF sustain the merit-based Alaska Performance Scholarship and the needs-based Alaska Education Grant, allowing young Alaskans to take the next step in their education following high school. This fund has also been used in recent years to support Alaska’s medical education program, WWAMI. HB 229 also adds WWAMI as a statutory use of this account.

The HEIF was not subjected to the annual sweep provision until 2019, when the Dunleavy administration did a full reexamination of which accounts it believed met the criteria to be swept. The current administration’s legal interpretation of this fund coupled with the legislature’s failure in 2021 to get the  $\frac{3}{4}$  vote needed to reverse the sweep has jeopardized the future of this fund.

HB 229 protects the HEIF by moving it under the umbrella of the Alaska Student Loan Corporation (ASLC) and asking the ASLC to create a subsidiary for the express purpose of managing the HEIF assets. This subsidiary would be modeled after the Alaska Capital Receipts Corporation held by the Alaska Housing Finance Corporation- a fund that is held by a legally distinct entity and separate from the general fund but that the legislature maintains appropriation authority over.

The passage of HB 229 will ensure that in future fiscal years the HEIF is not subject to the political whims of any given legislature or administration. It is the responsibility of the 32<sup>nd</sup> Alaska Legislature to guarantee that our existing grant and scholarship programs remain intact and are stably funded moving forward.

I encourage your support for this measure. Please feel free to reach out to my office with any additional question or concerns.

# 32ND ALASKA STATE LEGISLATURE



## REPRESENTATIVE ANDY JOSEPHSON

### **Sectional Analysis for House Bill 229**

**Section 1:** Amends AS 14.42.200(18) to allow the Alaska Student Loan Corporation to enter into agreements related to the administration of the Alaska Performance Scholarship, the Alaska Education Grant and state medical education (WWAMI) programs.

**Section 2:** Adds a new section, AS 14.42.203, allowing the Alaska Student Loan Corporation to create a subsidiary for the purpose of administering the Alaska Performance Scholarship, the Alaska Education Grant and state medical education (WWAMI) programs. Stipulates that the subsidiary corporation is subject to AS 37 (Public Finance) and that finances of the subsidiary are separate from those of the Alaska Student Loan Corporation.

**Section 3:** Moves the Alaska education grant account established in AS 14.43.915(a) into the Alaska Student Loan Corporation. Adds clarifying language that this account can be expended without further appropriation.

**Section 4:** Moves the Alaska performance scholarship award account established in AS 14.43.915(b) into the Alaska Student Loan Corporation. Adds clarifying language that this account can be expended without further appropriation.

**Section 5:** Amends AS 37.14.750(a) to establish the Alaska higher education investment fund as a separate fund in the Alaska Student Loan Corporation. Adds medical education under AS 14.42.033 to the uses of this account.

**Section 6:** Amends AS 37.14.750(c) to give the Alaska Student Loan Corporation the responsibility of determining the market value of fund and annual amount available for appropriation.

# Fiscal Note

State of Alaska  
2022 Legislative Session

Bill Version: HB 229  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB229-EED-ACPE-1-20-22  
Title: ALASKA HIGHER EDUCATION INVESTMENT  
FUND  
Sponsor: JOSEPHSON  
Requester: House Education

Department: Department of Education and Early Development  
Appropriation: Alaska Commission on Postsecondary Education  
Allocation: Program Administration & Operations  
OMB Component Number: 2738

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2023 Appropriation Requested	Included in Governor's FY2023 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2023	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Personal Services	60.0		60.0	60.0	60.0	60.0	60.0
Travel							
Services	38.0		8.0	8.0	8.0	8.0	8.0
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>98.0</b>	<b>0.0</b>	<b>68.0</b>	<b>68.0</b>	<b>68.0</b>	<b>68.0</b>	<b>68.0</b>

## Fund Source (Operating Only)

1004 Gen Fund (UGF)	98.0		68.0	68.0	68.0	68.0	68.0
<b>Total</b>	<b>98.0</b>	<b>0.0</b>	<b>68.0</b>	<b>68.0</b>	<b>68.0</b>	<b>68.0</b>	<b>68.0</b>

## Positions

Full-time							
Part-time	1.0		1.0	1.0	1.0	1.0	1.0
Temporary							

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2022) cost:** 0.0 (separate supplemental appropriation required)

**Estimated CAPITAL (FY2023) cost:** 0.0 (separate capital appropriation required)

**Does the bill create or modify a new fund or account?** Yes  
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 03/01/23

## Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

Prepared By:	Sana Efird, Executive Director	Phone:	(907)465-6740
Division:	Alaska Commission on Postsecondary Education	Date:	01/20/2022
Approved By:	Lacey Sanders, Administrative Services Director	Date:	01/25/22
Agency:	Department of Education & Early Development		



## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2022 LEGISLATIVE SESSION

BILL NO. HB 229

### Analysis

This bill moves the Higher Education Investment Fund (HEIF) from an account of the General Fund to an account under the Alaska Student Loan Corporation (corporation) and includes funding agreements for participants in the Washington, Wyoming, Alaska, Montana, Idaho (WWAMI) medical education program, along with funding for the Alaska Education Grant and the Alaska Performance Scholarship. Additionally, the Alaska Commission on Postsecondary Education (commission) may use the money in the account without further appropriation. The determination of the market value of the HEIF and the seven percent available for distribution of financial aid is transferred from the Commissioner of the Department of Revenue to the corporation.

Fiscal impact for this bill would include additional accounting, administration, and compliance efforts associated with accounting for and reporting of an additional fund and creation of a possible subsidiary of the corporation; additional audit fees associated with additional audit functions; additional legal costs associated with correct application of the bill language, and establishment of a legal subsidiary legal entity.

Ongoing costs associated with this bill include\*:

-Additional part-time Accountant III position	\$60.0
-Annual Department of Law legal fees	\$5.0
-Annual audit fees	<u>\$3.0</u>
TOTAL	\$68.0

One-time cost:

-Initial Department of Law legal fees	<u>\$30.0</u>
TOTAL	\$30.0

\*Please note: Since there are no funds in the HEIF due to the failure of a reverse sweep, the fiscal impact are reflected as unrestricted general funds. If funds were appropriated to the HEIF, the fiscal impact would be charged to the HEIF.

# Alaska university students file lawsuit challenging decision that drained scholarship fund

By James Brooks

Updated: January 5, 2022

Published: January 5, 2022



University of Alaska Anchorage held their first in-person commencement in two years at the Alaska Airlines Center on Sunday, Dec. 12, 2021. Four university students, including one from UAA, filed a lawsuit Jan. 4 to challenge a decision that drained the state trust fund that pays for scholarships. (Bill Roth / ADN)

A new lawsuit is challenging a decision by the administration of Gov. Mike Dunleavy that emptied Alaska's \$410 million higher-education trust fund last year, eliminating a reliable source of funding for college scholarships and the state's equivalent of medical school.

On Tuesday, four university students [filed suit](#) against Dunleavy and two state agencies in Anchorage Superior Court, seeking to reverse the decision. The plaintiffs asked for [summary judgment](#), which could move the case speedily through the courts.

Dunleavy's office issued a statement Wednesday morning saying that the governor has directed the Department of Law to seek fast resolution as well and that funding for the scholarship programs will continue while the lawsuit proceeds.

Attorneys representing the students answered questions about the case in writing.

"They believe that future Alaska students should have the same level of certainty and opportunity they were given, and therefore filed this suit to return the over \$400 million back to the Fund where it belongs. They also recognize that the loss of a dependable funding source for these programs would be detrimental to Alaska's future," the statement said in part.

The students are being represented by attorneys from Cashion, Gilmore and Lindemuth, a firm that has repeatedly challenged the Dunleavy administration and includes former officials from the administration of Gov. Bill Walker.

Tuesday's suit is almost identical to [one filed last year](#) by the Alaska Federation of Natives that challenged the draining of the state fund that subsidizes rural electricity prices. In that case, an Anchorage Superior Court judge [ruled against the state](#) and ordered the preservation of the fund.

The state [declined to appeal](#) that decision to the Alaska Supreme Court, which meant there was no opportunity for a broader ruling that could have prevented additional lawsuits like the one filed Tuesday.

According to the attorneys representing the students, Tuesday's lawsuit is being funded by Providence Alaska — the state's largest hospital system — and private funds directed by University of Alaska interim president Pat Pitney.

A spokesman for the hospital said it is supporting the lawsuit because it believes a steady supply of trained health care workers is critical.

In a statement sent to University of Alaska supporters on Tuesday, Pitney said the university supports the lawsuit.

“The University of Alaska and the more than 5,500 students who count on funding through the Alaska Performance Scholarship (APS), Alaska Education Grant (AEG), and the Washington-Wyoming-Alaska-Montana-Idaho (WWAMI) medical school program need certainty for the future funding of the programs,” she said.

Before leading the university, Pitney was director of the state’s Office of Management and Budget under Walker.

In that role, Pitney — as had prior budget officials — considered the higher-education fund and rural-electricity fund as unaffected by a provision in the state constitution that automatically sweeps unspent money into the state’s Constitutional Budget Reserve at the end of the fiscal year.

Until 2019, that provision had been annually and uncontroversially stopped and reversed by the Alaska Legislature.

But that year, Dunleavy’s initial budget proposal called for the sweep to take place, and budget officials re-examined the list of funds subject to the sweep. Budget director Neil Steininger said in [a sworn affidavit](#) last year that he believes prior reviews were faulty.

The new review, which he participated in, relabeled the higher-education fund and rural-electricity fund as sweepable.

Jeff Turner, the governor’s deputy communications director, disputes that the relabeling was “a major shift in interpretation.”

Had the Alaska Legislature continued to stop and reverse the sweep, the reclassification wouldn’t have mattered. But in 2021, legislative Republicans’ opposition caused the reverse sweep to fail and dozens of funds to be drained.

While programs supported by those funds are still running, they will now compete with other priorities in the state’s annual budget process and are more vulnerable to cuts.

In his statement Wednesday, Dunleavy said he is not proposing cuts to the scholarship programs.

“I have supported scholarship funding every year I have been in office and will continue to do so. Alaska’s students can be assured their scholarships will continue to be funded regardless of this lawsuit,” he said.

Scholarships are funded through the spring semester, but those paid in the fall semester — the 2022-23 school year — are subject to the budget that will be considered in the upcoming legislative session.

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**James Brooks**

Juneau-based James Brooks covers state government, the Alaska Legislature and general assignments for the Daily News. He previously reported and edited for the Juneau Empire, Kodiak Daily Mirror and Fairbanks Daily News-Miner.





# Alaska university students notified that millions in scholarships and grants currently in limbo

July 9, 2019 by Rashah McChesney, KTOO

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*Students gather outside at the University of Alaska Southeast on Tuesday, Sept. 4, 2012. (Photo by Heather Bryant/KTOO)*

Notice went out to 12,000 Alaska students on Tuesday afternoon that money for their grants and scholarships isn't currently available for the next school year.

But it's not because the funds were vetoed from the budget. The Alaska Commission on Postsecondary Education wrote [in the message](#) that funds for the Alaska Performance Scholarship and Alaska Education Grant aren't currently available and require legislative action to be restored.

The commission is a state corporation tasked with planning for higher education and administering financial aid programs.

Funding for a program that provides money for students from Alaska to attend the University of Washington School of Medicine is also unavailable.

At issue is nearly \$350 million in Alaska's Higher Education Investment Fund. Each year, funds from nearly every state program [get swept into a constitutionally-mandated savings account](#). Typically lawmakers vote to put the money back into the programs it was designated for. But that process requires a supermajority of the Legislature — three-quarters of them — to vote to put the money back. This year, that didn't happen.

It's also unusual for the Higher Education Fund to be included in the funding sweep — historically, that hasn't happened.

According to data from the University of Alaska, nearly 1 in 5 students gets a merit-based Alaska Performance Scholarship. Altogether, the performance scholarships and education funds support more than 5,000 students with more than \$15 million in financial aid each year.



## APS DELIVERS: 2011-2020

The Alaska legislature enacted the Alaska Performance Scholarship (APS) in 2011 to inspire our state's high school students to prepare for success in college and career training. Since inception, *23,852 Alaska high school graduates* completed the rigorous requirements and have become eligible for scholarships to pursue postsecondary education in Alaska.

THE APS OUTCOMES REPORT 2021  
AVAILABLE AT [ACPE.ALASKA.GOV/REPORTS](https://acpe.alaska.gov/reports)

### SKILLED ALASKANS STAY IN ALASKA

**+8%** Higher average rate of Alaska residency (1-6 years after graduation)  
SOURCE: PFD APPLICATION DATA

**71%** Influenced by APS to attend school in-state  
SOURCE: APS SURVEY 2019

GOAL 1

### ALASKAN STUDENTS EXCEL IN HIGH SCHOOL

Eligible students report that APS made them more likely to (even those who never used the award):

**69%** **A+** Achieve Better Grades

**56%**  Seek Out College/Academic Advising

**66%**  Take Placement Exams

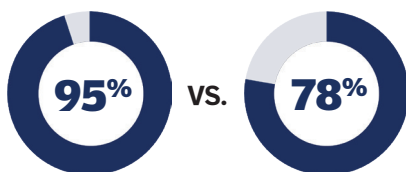
**60%**  Take Challenging Courses

FOR 2019 APS ELIGIBLE HIGH SCHOOL GRADUATES (SOURCE: APS SURVEY 2019)

GOAL 2

### ALASKAN STUDENTS ARE PREPARED FOR COLLEGE OR TRAINING

APS RECIPIENTS      NON-APS RECIPIENTS



Percent of students fully prepared for college level courses, needing *no remediation* at UA

GOAL 3

### ALASKAN STUDENTS SUCCEED IN COLLEGE

APS RECIPIENTS

**84%**



NON-APS RECIPIENTS

**72%**

Still attending UA their second year

**33%**



**22%**

Graduation rates for two year or less programs<sup>1</sup>

**61%**



**29%**


Graduation rates for four year programs<sup>2</sup>

GOAL 4

**26**  UNIVERSITIES, COLLEGES, & CAREER TRAINING CENTERS IN ALASKA ACCEPT THE APS.

*“ [The APS] makes pursuing higher education **more accessible** for all students who want to work hard to achieve it. ”*

— Alaska High School Graduate

**69%**  OF STUDENTS SAW THE APS AS IMPORTANT FOR OFFSETTING THE ECONOMIC IMPACT OF COVID-19.

### DID YOU KNOW?

APS can be used for university studies as well as career or technical training.



APS recipients must meet further requirements in college/training to continue to receive the APS.



The APS is funded through earnings of the Alaska Higher Education Investment Fund, created by the legislature to ensure long-term sustainable funding.

<sup>1</sup>BASED ON UA SYSTEM FIRST-TIME, FULL-TIME FRESHMEN (THREE YEAR GRADUATION RATES)

<sup>2</sup>BASED ON FIRST-TIME, FULL-TIME FRESHMEN GRADUATING FROM AN ALASKA HIGH SCHOOL (SIX YEAR GRADUATION RATES)



## Fund Source Report

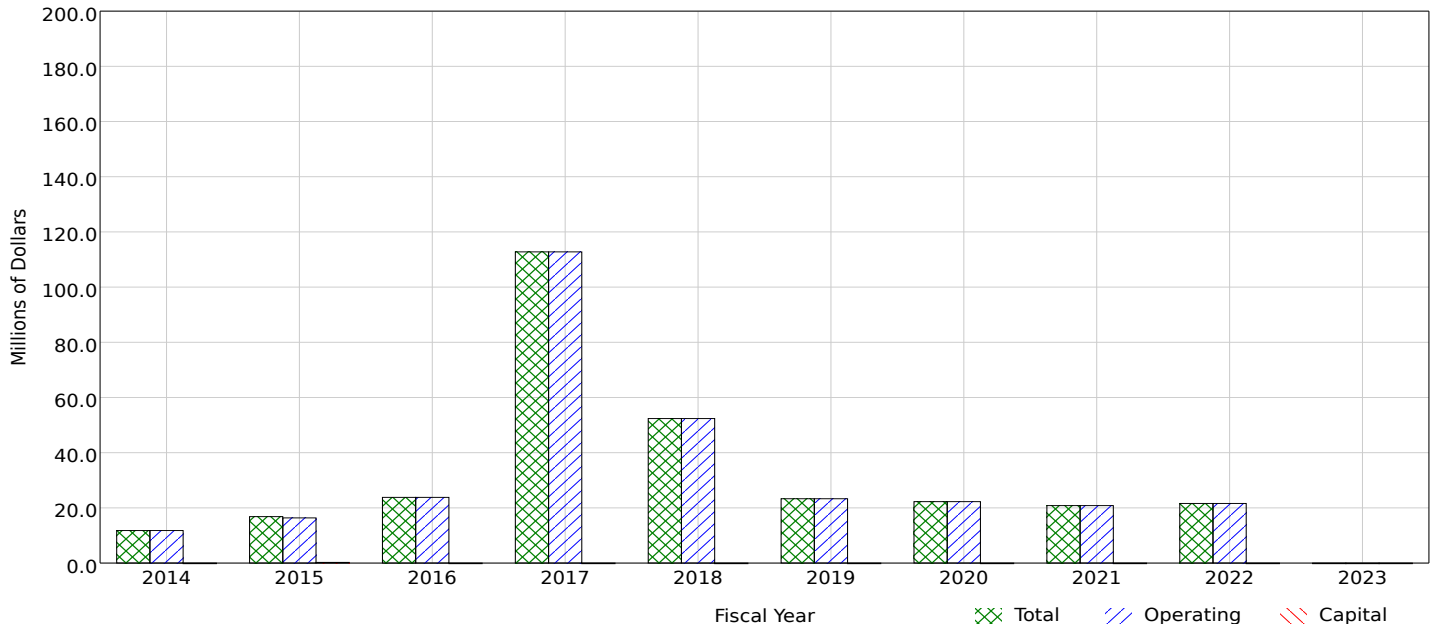
**1226**

**High Ed**

**Alaska Higher Education Investment Fund**

Year Authorized FY13	Year Repealed	Active? Yes	Mental Health? No	Duplicated? No	Fund Group Designated General
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### Operating and Capital Appropriations



#### Legal Authority

AS 37.14.750 (fund)  
AS 14.43 (program)

#### Source of Revenue

The fund consists of money appropriated to the fund: investment income; donations; and surplus amounts available for awards under AS 14.43.

#### Restrictions on Use

Seven percent of the prior year-end market value of the fund is available for appropriation to the grant account (one-third of the amount available) and to the scholarship account (two-thirds of the amount available). The Alaska Commission on Postsecondary Education may award grants and scholarships from the respective accounts, and money not awarded is returned to the fund.

#### Description and History

May 2013

\$400 million was deposited into the Alaska Housing Capital Corporation (AHCC) savings account in FY12, with appropriation from the AHCC to this fund contingent on adoption of a bill establishing a fund for education grants/scholarships. When this fund was not established in FY12, general funds were used for grants (\$2.8 million) and scholarships (\$3.0 million).

Chapter 74, SLA 2012 established a grant/scholarship program and this fund, which triggered the appropriation of \$400 million from the AHCC to this fund. FY13 grants were funded with \$3 million from the general fund and \$1 million from this fund. Scholarships were funded with \$3.1 million from ACHH and \$4.9 million from this fund.

Beginning in FY14, all funding for grants and scholarships is expected to come from this fund; \$4 million was appropriated for grants and \$8 million was appropriated for scholarships.

AS 14.43.820 outlines scholarship eligibility requirements; AS14.43.825 provides a sliding award scale based on GPA and test scores; and .830 limits attendance to Alaska postsecondary institutions.

Grants funded from this fund follow the rules established in AS 14.43.400-.420.

**Funds Subject to CBR Sweep--FY17-FY19**

	A	B	C	D	E	F	G	H	I
1								LFD believes should not be on list	
2								LFD believes should be on list	
3								LFD believes should not be on list, and sweep is problematic	
4									
5									
6					On Sweep List for End of Year				
7	Added by LFD	Fund Code	Name	Reference	FY17	FY18	FY19	Legislative Finance Notes	Legislative Audit Notes
8		1005	General Fund/Program Receipts	AS 37.05.142-.146, AS 37.10.050-.060			Y	Unspent receipts that are not carried forward lapse to the GF at year end; no reason to sweep because all unspent balances are in the GF on 6/30	Agree based on notes in Column H
9	Y	1012	Railbelt Energy Fund	AS 37.05.520	Y	Y		Sweepable; specific mention in Hickel v Cowper	We state sweepable
10	Y	1019	State Land Reforestation	AS 41.17.300	Y	Y		Includes private donations so partially sweepable	We state sweepable
11		1044	AK Debt Retirement Fund	AS 37.15.011	Y	Y	Y	Sweepable; in GF and subject to appropriation	Agree
12		1049	Training and Building Fund	AS 23.20.130	N	N	Y	"special fund separate and apart from all public funds of the state"- --but the fund is regularly appropriated, so sweepable	Disagree - not sweepable. Is a GF subfund.
13		1052	Oil and Hazardous Substance Release Prevention Mitigation Account	AS 46.08.010-.040, AS 43.55.201&.300 AS43.40.005-.007	N	Y	Y	Response account is non-sweepable; prevention and mitigation accounts are sweepable. Consider adding new fund codes	Agree with note in column H. There are different fund codes in IRIS to address.
14		1054	State Employment & Training Program	AS 23.15.625 AS 37.05.146	Y	Y	Y	Sweepable; in GF and subject to appropriation	Agree
15		1076	Marine Highway System Fund	AS 19.65.060, AS 37.05.550	Y	Y	Y	Sweepable; specific mention in Hickel v Cowper	Agree
16		1082	Vessel Replacement Fund	AS 37.05.550	Y	Y	Y	Sweepable; in GF and subject to appropriation	Agree
17	Y	1083	Educational Facilities Maintenance and Construction	AS 37.05.560	Y	Y		Sweepable; specific mention in Hickel v Cowper	We state sweepable
18	Y	1087	Municipal Capital Project Matching Grant	AS 37.06.010	Y	Y		Sweepable; in GF and subject to appropriation	We state sweepable
19	Y	1088	Unincorporated Community Capital Project Matching Grant	AS 37.06.020	Y	Y		Sweepable; in GF and subject to appropriation	We state sweepable
20		1109	Test Fisheries Receipts	AS 16.05.050(a)(14)			Y	Unspent receipts that are not carried forward lapse to the GF at year end; no reason to sweep because all unspent balances are in the GF on 6/30	Not a fund based on review of IRIS for FY 19 funds.
21	Y	1134	Fish and Game Civil Fines & Penalties				Y	These are simply GF receipts. OMB lists this as account code 3233	Disagree - not sweepable. Is not a GF subfund.
22		1139	AHFC Dividend				Y	Dividends are appropriated for capital projects; any surplus is appropriated to the capital Income Fund or the GF, both of which are sweepable. There is no reason to list dividends as sweepable because there is never a balance.	Not a fund based on review of IRIS for FY 19 funds.

**Funds Subject to CBR Sweep--FY17-FY19**

	A	B	C	D	E	F	G	H	I
7	Added by LFD	Fund Code	Name	Reference	FY17	FY18	FY19	Legislative Finance Notes	Legislative Audit Notes
23		1140	AIDEA Dividend				Y	Dividends are appropriated for capital projects; any surplus is appropriated to the capital Income Fund or the GF, both of which are sweepable. There is no reason to list dividends as sweepable because there is never a balance.	Not a fund based on review of IRIS for FY 19 funds.
24		1141	RCA Receipts	AS 37.05.146(c)(22), AS 42.05.254			Y	Unspent receipts that are not carried forward lapse to the GF at year end; no reason to sweep because all unspent balances are in the GF on 6/30	Not a fund based on review of IRIS for FY 19 funds.
25		1150	ASLC Dividend				Y	Dividends are appropriated for capital projects; any surplus is appropriated to the capital Income Fund or the GF, both of which are sweepable. There is no reason to list dividends as sweepable because there is never a balance.	Not a fund based on review of IRIS for FY 19 funds.
26		1151	Technical Vocational Education Program Account	AS 23.15.830 AS 37.10.200	Y	Y	Y	Sweepable; in GF and subject to appropriation	Agree
27		1153	State Land Disposal Income Fund	AS 38.04.022(a), AS 37.05.146(b)	Y	Y	Y	Sweepable; in GF and subject to appropriation	Agree
28		1154	Shore Fisheries Development Lease Program	AS 38.05.082 AS 37.05.146(b)			Y	Unspent receipts that are not carried forward lapse to the GF at year end; no reason to sweep because all unspent balances are in the GF on 6/30	Not a fund based on review of IRIS for FY 19 funds.
29		1155	Timber Sale Receipts	AS 38.05.110 AS 37.05.146(b)			Y	Unspent receipts that are not carried forward lapse to the GF at year end; no reason to sweep because all unspent balances are in the GF on 6/30	Not a fund based on review of IRIS for FY 19 funds.
30		1156	Receipt Supported Services	AS 37.05. 142 through 146			Y	Often carried forward	Not a fund based on review of IRIS for FY 19 funds.
31		1157	Workers Safety and Compensation Administration Account	AS 23.05.067(e) AS 18.60, AS 23.30	Y	Y	Y	Sweepable; in GF and subject to appropriation	Agree
32		1162	Alaska Oil & Gas Conservation Commission Rcpts	AS 31.05.093, AS 37.05.146(c)(23)			Y	Unspent receipts that are not carried forward lapse to the GF at year end; no reason to sweep because all unspent balances are in the GF on 6/30	Not a fund based on review of IRIS for FY 19 funds.
33		1166	Commercial Passenger Vessel Environmental Compliance Fund	AS 46.03.460- 490	Y	Y	Y	Sweepable; in GF and subject to appropriation	Agree
34		1168	Tobacco Use Education and Cessation Fund	AS 37.05.580	Y	Y	Y	Sweepable; in GF and subject to appropriation	Agree
35		1169	<b>PCE Endowment Fund</b>	AS 42.45.070-.085	N	N	Y	If statute placing the fund outside the GF is insufficient to avoid being swept, then the ERA should also be sweepable	Agree with note in column H.
36		1172	Building Safety Account	AS 44.31.025 AS 37.05.146(c)(53)	Y	Y	Y		Agree
37		1173	Miscellaneous Earnings	-			Y	Sweepable; in GF and subject to appropriation	Not a fund based on review of IRIS for FY 19 funds.
38		1180	Alcohol & Other Drug Abuse Treatment & Prevention Fund	AS 43.60.050	Y	Y	Y		Agree
39		1181	Veterans Endowment	AS 37.14.700	N	N		a trust fund--not sweepable	Agree not sweepable. Is a GF subfund.

**Legislative Finance Division**

**Funds Subject to CBR Sweep--FY17-FY19**

	A	B	C	D	E	F	G	H	I
7	Added by LFD	Fund Code	Name	Reference	FY17	FY18	FY19	Legislative Finance Notes	Legislative Audit Notes
40		1195	Snow Machine Registration Receipts	AS 28.39.010-250			Y	Unspent receipts that are not carried forward lapse to the GF at year end; no reason to sweep because all unspent balances are in the GF on 6/30	Not a fund based on review of IRIS for FY 19 funds.
41		1197	Alaska Capital Income Fund	AS 37.05.565	Y	Y	Y	Sweepable; in GF and subject to appropriation	Agree
42		1200	Vehicle Rental Tax Receipts	AS 43.52.080			Y	Unspent receipts that are not carried forward lapse to the GF at year end; no reason to sweep because all unspent balances are in the GF on 6/30	Not a fund based on review of IRIS for FY 19 funds.
43		1201	Commercial Fisheries Entry Commission Receipts	AS 16.43, AS 16.05.490, AS16.05.530, AS 37.05.146(c)(29)			Y	Unspent receipts that are not carried forward lapse to the GF at year end; no reason to sweep because all unspent balances are in the GF on 6/30	Not a fund based on review of IRIS for FY 19 funds.
44		1203	Workers' Compensation Benefits Guaranty Fund	AS 23.30.082	Y	Y	Y		Agree
45		1211	Cruise Ship Gambling Tax	-	Y		Y	This is UGF inside a dedicated fund, but sweepable	<b>Agree sweepable - zero fund balance in FY 18; our previous reporting denotes funding source. Fund 1211 name is Large Passenger Vessel Gambling Tax Account.</b>
46		1213	Alaska Housing Capital Corporation Receipts	-			Y	held by a corporation	Unsure how we reported on final. Is a fund in the SRF with the name AHFC - Alaska Capital Fund
47		1214	Whittier Tunnel Toll Receipts	23 USC 129(a)(3)			Y	There are federal restrictions on tolls-- must be spent for a purpose allowable under Title 23	Not a fund based on review of IRIS for FY 19 funds.
48		1218	146(c)code	AS 37.05.146(c)			Y	Program Receipts that are not part of the unrestricted general fund.  Unspent receipts that are not carried forward lapse to the GF at year end; no reason to sweep because all unspent balances are in the GF on 6/30	Not a fund based on review of IRIS for FY 19 funds.
49	Y	1220	Crime Victim Compensation Fund	AS 18.67.162	Y	Y		Includes private donations so partially sweepable	Agree
50		1221	Civil Legal Services Fund	AS 37.05.590	Y	Y	Y	Sweepable; in GF and subject to appropriation	Agree
51		1226	Alaska Higher Education Investment Fund	AS 37.14.750 (fund) AS 14.43 (program)	N	N	Y	Sweepable; in GF and subject to appropriation	Agree but partially sweepable due to donations.
52		1234	License Plates	AS 28.10.421	N	N	Y	Unspent receipts that are not carried forward lapse to the GF at year end; no reason to sweep because all unspent balances are in the GF on 6/30	Not a fund based on review of IRIS for FY 19 funds.
53		1237	Vocational Rehabilitation Small Bus. Enterprise Revolving Fd	AS 23.15.130	Y	Y	Y		Agree
54		1243	Statutory Budget Reserve Fund	AS 37.05.540	Y	Y	Y	Sweepable; in GF and subject to appropriation	Agree - IRIS fund # 3200
55		1246	Recidivism Reduction Fund	AS 43.61.010		Y	Y	Sweepable; in GF and subject to appropriation	Agree

**Funds Subject to CBR Sweep--FY17-FY19**

	A	B	C	D	E	F	G	H	I
7	Added by LFD	Fund Code	Name	Reference	FY17	FY18	FY19	Legislative Finance Notes	Legislative Audit Notes
56		1247	Medicaid Monetary Recoveries	37.05.146(c)(59) and AS 09.58 and AS 47.05.210			Y	Unspent receipts that are not carried forward lapse to the GF at year end; no reason to sweep because all unspent balances are in the GF on 6/30	Not a fund based on review of IRIS for FY 19 funds.
57		1248	Alaska Comprehensive Health Insurance Fund	AS 21.55.430(a)	Y	Y	Y		Agree
58		1249	Motor Fuel Tax Receipts	AS 43.40.010(f)(g)(j)			Y	Unspent receipts that are not carried forward lapse to the GF at year end; no reason to sweep because all unspent balances are in the GF on 6/30.  Aviation fuel tax receipts are dedicated and should not sweep	Not a fund based on review of IRIS for FY 19 funds.
59		1254	Marijuana Education and Treatment Fund	AS 43.61.010(f)			Y	new fund in FY19. Sweepable; in GF and subject to appropriation	Agree
60									
61	Accounting Codes								These are not accounting codes they are fund code #s!
62	1243	3200	Statutory Budget Reserve Fund		Y	Y	Y	see code 1243	Agree; however OMB list uses FU 1243 which is not an IRIS fund #.
63		3205	Alaska Historical Commission Receipts Account (Partially Sweep)		Y		Y	Includes private donations so partially sweepable	Agree
65		3221	Originator Surety Fund		N	Y	Y		Agree
66		3222	Trauma Care Fund (Partially Sweep)		Y	Y	Y	Partial	Agree
67		3223	Abandoned Vehicle Fund		Y		Y		Agree
68		3225	AMHS Capitalization		Y	Y	Y		Agree
69		3388	\$.01 Per Barrel of Oil Produced Surcharge			Y	Y		Agree
70		3389	\$.04 Per Barrel of Oil Produced Surcharge			Y	Y		Agree
71		N/A	Reappropriations of FY19 Operating Appropriations				Y	Reappropriations and carryforward of operating appropriations are effective June 30; valid appropriations should not be swept, and excess balances lapse to the GF and are swept from there	Appropriations effective June 30 occur before the sweep.