

# 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.