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# HB 229- PROTECTING THE ALASKA HIGHER EDUCATION INVESTMENT FUND

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# SECTIONAL ANALYSIS

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- Section 1- Allows the Alaska Student Loan Corporation powers needed to manage the HEIF.
  - Section 2- Allows the Alaska Student Loan Corporation to create a subsidiary for the express purpose of administering the HEIF and related programs.
  - Section 3- Moves the Alaska education grant account into the Alaska Student Loan Corporation.
  - Section 4- Moves the Alaska performance scholarship award account
  - Section 6- Establishes the Alaska Higher Education Investment Fund as a separate fund in the Alaska Student Loan Corporation.
  - Section 8- Relates to Powers and Duties of the Commissioner of Revenue
  - Sections 5, 7, 9, 10, 11, 12, 13 and 14- Rename the fund- Adding the word “trust.”

# EARNINGS AND MARKET VALUE OF THE HIGHER EDUCATION INVESTMENT FUND

Source:  
<https://treasury.dor.alaska.gov/home/investments/alaska-higher-education-fund>

## Performance Results & Market Values

Fiscal Year	Market Value	Return %
2021	\$416,411,394	27.21%
2020	\$343,797,313	4.73%
2019	\$347,092,361	7.31%
2018	\$344,265,007	7.59%
2017	\$369,799,589	12.24%
2016	\$439,543,309	0.88%
2015	\$458,758,594	3.09%
2014	\$460,672,112	16.49%
2013	\$406,437,846	-0.14%

**AHE Market Value:**  
**\$422.8M on 12/31/2021**

## Target Asset Allocation



2012

Higher Education Investment Fund created by the 27<sup>th</sup> Legislature and capitalized with \$400 million.

2015

Legislature starts to use fund for non-designated uses- including WWAMI, State Libraries and Museums, and retirement.

2019

Fund is added to the list of “sweepable” items for the first time under the Dunleavy Administration.

2021

32nd Alaska Legislature fails to get the  $\frac{3}{4}$  vote needed for the “reverse sweep” to the CBR.

TIMELINE OF EVENTS RELATING TO THE HIGHER EDUCATION INVESTMENT FUND

# SUMMARY OF PRINCIPLES FROM *HICKEL V. COWPER*

- **Two main parameters:**
  - **“available for appropriation”**
  - **In the General Fund**
- Relating to “available for appropriation”- “must include all funds over which the legislature has retained power to appropriate” AND “which are not available to pay expenditures without further legislative appropriation”
- For trust receipts the amount appropriated by the legislature IS the amount available for appropriation
  - This category includes federal funds, funds given to the state for specific purposes by private entities AND appropriations from trust account
  - Notably “amounts appropriated by the legislature out of other funds within executive agencies for the purpose of administering these funds, under explicit statutory authority may also be treated as a type of trust receipt” (revolving loan funds)
- Monies of public corporations are treated similarly to trust receipts
- Excludes illiquid assets, funds expendable without further legislative appropriation, or funds validly appropriated

## NOTABLE CHANGES

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The HEIF, the Alaska Education Grant account and Alaska Performance Scholarship account are relocated out of the general fund and into the Alaska Student Loan Corporation.

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Allows the Alaska Student Loan Corporation to create a subsidiary specifically for managing HEIF and associated funds.

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Language is added to clarify that these are all “separate funds”

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For the scholarship and grant funds, language is added to clarify that these funds are available without further appropriation.

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Medical education (VWAMI) is added to the statutory uses of the HEIF.

# WHAT HB 229 DOES NOT CHANGE, AND ADJUSTMENTS THAT COULD BE MADE

Overall structure of how the fund is currently administered under statute including the:

- 7% draw annually
- The division of the 7% draw- 1/3 to grant fund and 2/3 to the scholarship fund
- The annual draw requiring appropriation by the legislature from the HEIF to the scholarship and grant funds.

Potentially friendly amendments could include

- Reassessing the amount of the draw- a smaller draw with smoothing
- Adjusting the division of the draw to ensure a portion goes to WWAMI

QUESTION?