



Alaska Commission on Postsecondary Education

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March 6, 2025

The Honorable Andi Story
Co-Chair, House Education Committee
Alaska State Legislature
State Capitol Room 403
Juneau, AK 99801

Dear Representative Story,

The Alaska Commission on Postsecondary Education (ACPE) and the Department of Revenue were asked by the Sponsor of HB 28 to review the Alaska Higher Education Investment Fund (AHEIF) projections and provide information as to how the financial obligations of the program established in the bill may impact the long term sustainability of the AHEIF. ACPE's response and relevant context on this inquiry is below.

The Department of Revenue is the investment manager for the AHEIF. ACPE administers the three programs currently funded by the AHEIF: WWAMI Medical Education Program, Alaska Performance Scholarship (APS), and the Alaska Education Grant (AEG). In addition to its role as administrator, ACPE also provides higher education policy information to the State of Alaska. In that capacity, ACPE has provided feedback on HB 28 and general student loan repayment information to the House Education Committee.

HB 28 creates a new three year student loan repayment pilot program to recruit and incentivize eligible former residents to return to Alaska as teachers or State of Alaska employees. This program will repay up to \$24,000 per person, not to exceed \$1 million per year for three years. The funding for this pilot program is from the AHEIF.

Due to recent changes in the programs funded by the AHEIF, an additional \$1 million draw over the next three years for a total \$3 million draw from the AHEIF, will increase the likelihood that fund earnings cannot keep pace with spending from the fund. WWAMI is directly appropriated from the AHEIF, while the APS and AEG programs are subject to a maximum appropriation rate of 7% of the fund's beginning balance for the following fiscal year. See below for details on recent program changes impacting AHEIF funding:

- The WWAMI program funding increased by 50% starting in FY25 to \$5.1 million per year to accommodate 30 participants instead of 20.
- Legislative changes to the APS program in FY24 resulted in expected APS and AEG program costs of \$25.5 million for FY26, which is 20% higher than was originally expected. AEG funding is tied to APS funding in statute, therefore expected program costs for FY26 increased.

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- Combined, expected expenditures from the AHEIF have increased by approximately 30% between FY24 and FY26.

Increasing AHEIF spending by \$1 million per year over three years to fund HB 28 would raise projected annual expenditures by 3%, further reducing fund value but not significantly altering long-term sustainability.

ACPE will work in collaboration with the Department of Revenue if additional information is needed related to the financial impacts of HB 28.

Sincerely,

A handwritten signature in black ink that reads "Kerry Thomas". The signature is written in a cursive, slightly slanted style.

Kerry Thomas, Acting Executive Director
ACPE