



March 24, 2010

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The Honorable Representative Kurt Olson, Chair
House Labor and Commerce Committee
Alaska State Capitol, Room # 24
Juneau, AK 99801

Dear Representative Olson:

Please allow me to thank the House Labor and Commerce Committee for your sponsorship of House Bill 416. It is a timely piece of legislation which replaces obsolete rules, and in doing so brings Alaska trust law into this century. But the real value The Foraker Group sees in this legislation is the ability to provide solid options and realistic opportunities for Alaska nonprofit institutions and the University of Alaska in pursuing long-term sustainability.

The Foraker Group is a statewide Management Support Organization established in 2000, with a straightforward mission: Assuring the success of Alaska's nonprofit organizations by helping them build their own sustainability. Foraker does this by providing high-quality, efficient, and cost-effective assistance to staff and boards of directors in three broad areas: shared/professional services, education and training, and organizational development. And more and more, we are also speaking out on behalf of Alaska's nonprofit sector – this is what leads us to submit a letter of support for House Bill 416. Last year we wrote in support of the companion bill SB 134.

We support House Bill 134 because the legislation can have positive impacts on Alaska nonprofits, as well as the University of Alaska. Simply stated, developing an Alaska version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides solid guidance to managers and investors of charitable funds and endowments. As they respond to the nation's economic crisis and build their sustainability, this kind of "best practice" is essential to nonprofit organizations of all kinds.

The best possible response to economic uncertainty is rooted in long-term sustainability. Alaska organizations of all shapes and sizes are responding to threats to sustainability in many ways, all in pursuit of important missions in their communities. Building a sustainable income stream and ensuring financial resilience is essential in Alaska's nonprofit sector – sustainable organizations are better positioned to meet their important missions, are more effective, more efficient and above all more self-reliant. They form the foundation of a strong Alaska economy, and healthy, productive Alaska communities.

The current economic crisis has proven to be especially troublesome for organizations that manage or rely on charitable funds and endowments. But it would be a mistake to portray the passage of HB 416 as a response to economic uncertainty. The “fixes” in HB 416 are not made in response to economic turmoil – the changes are warranted now, regardless of economic circumstances. It is all about being “good stewards” of the donated or endowed dollars of others – a task that becomes harder and harder in the face of growing economic turmoil.

Prudent stewardship is all the more difficult in a demanding digital age using antiquated and inadequate analog tools. The proposed legislation can provide the tools to meet that donor intent while at the same time help develop long-term sustainability.

We know the economy is in turmoil, and that turmoil is hitting all Alaska organizations – government, corporate entities, education, tribal, private foundations, the nonprofit sector, and the University of Alaska. The economic situation makes this legislation timely, but it is change that should come regardless.

Please feel free to contact Foraker Vice President Dr. Michael Walsh with any questions you might have. He can be reached via email at mwalsh@forakergroup.org

Sincerely,

A handwritten signature in black ink, reading "Dennis G. McMillian". The signature is fluid and cursive, with the first name "Dennis" being more prominent.

Dennis McMillian, President
The Foraker Group