

Susan Foley, President

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April 26, 2018

The Honorable Anna MacKinnon
Alaska State Capitol, Room 516
Juneau, Alaska 99801

Senator MacKinnon:

Thank you for the opportunity to testify before the Senate Finance Committee on House Bill 233 extending the Education Tax Credit. During the April 26th hearing, Senators asked about the amount of contributions received by the University of Alaska. I am happy to provide this information as part of your deliberations.

The Education Tax Credit provides a great benefit to the university and educational institutions across our state. Since 2010, the university has received \$111 million through over 12,000 individual gifts from eligible Alaskan businesses. Data from the Department of Revenue shows that contributions qualifying for a tax reduction *always* exceed the credit taken. The credit creates significantly more charitable giving for education than the deduction companies claim against state taxes.

The credit provides a win-win for Alaskan businesses and the State of Alaska. By incentivizing private companies to invest in education, the credit fuels charitable giving and helps grow our economy. Companies contribute to programs that address industry needs and serve communities where their businesses operate. In turn, these programs benefit students who become Alaska's future workforce.

Senator Micciche specifically asked how much the university received through the credit mechanism incentivizing donations ranging from \$100,000 to \$300,000. Since 2010, donations in this range totaled over \$26 million. These contributions averaged over \$3.3 million per year through an average of 18 individual donors annually.

This credit mechanism is crucial for the success of the Education Tax Credit. Incentivizing contributions at this level enables the university and businesses to make long-term decisions that are mutually beneficial. The university gets increased financial certainty allowing it to enhance its programs, and business are able to maximize of the benefits of their donation. This provision has allowed the university to collaborate with industries critical to the state's economy including mining, energy, seafood, tourism and banking.

We understand these fiscal times may require the committee to consider making modifications to the existing program. However, removing the credit mechanism and lowering the credit's cap to \$1 million, as proposed in Senate Finance Committee Substitute Version N, could substantially curtail contributions to the university, lowering the frequency and size of donations. Doing so would remove an important catalyst for business investment in education.

We appreciate the Senate Finance Committee's careful examination of HB 233, and hope you will consider these comments before concluding your work on the legislation. Thank you to all members of the committee for your service to our state. Please feel free to contact me with any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan Behlke Foley".

Susan Behlke Foley
President, University of Alaska Foundation