

**ALASKA STATE LEGISLATURE**  
**SENATE STATE AFFAIRS STANDING COMMITTEE**

February 20, 2007

9:04 a.m.

**MEMBERS PRESENT**

Senator Lesil McGuire, Chair  
Senator Gary Stevens, Vice Chair  
Senator Hollis French  
Senator Lyda Green

**MEMBERS ABSENT**

Senator Con Bunde

**COMMITTEE CALENDAR**

Confirmation of Governor Appointees  
    Commissioner, Department of Administration  
        Annette Kreitzer  
    Commissioner, Department of Corrections  
        Joe Schmidt  
    Commissioner, Department of Public Safety  
        Walt Monegan  
CONFIRMATIONS ADVANCED

SENATE BILL NO. 75

"An Act extending the Council on Domestic Violence and Sexual Assault; and providing for an effective date."

MOVED CSSB 75(STA) OUT OF COMMITTEE

SENATE BILL NO. 43

"An Act relating to contributions from permanent fund dividends to community foundations, to certain educational organizations, and to certain other charitable organizations that provide a positive youth development program, workforce development, aid to the arts, or aid and services to the elderly, low-income individuals, individuals in emergency situations, disabled individuals, or individuals with mental illness; and providing for an effective date."

HEARD AND HELD

CS FOR HOUSE BILL NO. 21(STA)

"An Act relating to the state flag; and relating to the proper retirement of an official state flag."

SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 75

SHORT TITLE: EXTENDING COUNCIL ON DOMESTIC VIOLENCE

SPONSOR(S): SENATOR(S) ELTON

02/07/07 (S) READ THE FIRST TIME - REFERRALS  
02/07/07 (S) STA, FIN  
02/20/07 (S) STA AT 9:00 AM BELTZ 211

BILL: SB 43

SHORT TITLE: CONTRIBUTIONS FROM PERM. FUND DIVIDENDS

SPONSOR(S): SENATOR(S) THERRIAULT

01/16/07 (S) PREFILE RELEASED 1/5/07  
01/16/07 (S) READ THE FIRST TIME - REFERRALS  
01/16/07 (S) STA, FIN  
02/20/07 (S) STA AT 9:00 AM BELTZ 211

**WITNESS REGISTER**

Annette KREITZER, Commissioner Designee  
Department of Administration  
Juneau, Alaska

**POSITION STATEMENT:** Spoke to her confirmation.

JOE SCHMIDT, Commissioner Designee  
Department of Corrections  
Juneau, Alaska

**POSITION STATEMENT:** Spoke to his confirmation.

WALT MONEGAN, Commissioner Designee  
Department of Public Safety  
Anchorage, Alaska

**POSITION STATEMENT:** Spoke to his confirmation and in favor of SB 75.

SENATOR KIM ELTON  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented SB 75 as sponsor.

CHRIS ASHENBRENNER, Interim Program Administrator  
Council on Domestic Violence and Sexual Assault  
Juneau, Alaska

**POSITION STATEMENT:** Spoke in support of SB 75.

SENATOR GENE THERRIAULT  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented SB 43 as sponsor.

HEATHER BRAKES, staff  
to Senator Therriault  
Alaska Capitol Building  
Juneau, Alaska

**POSITION STATEMENT:** Answered a question regarding SB 43.

MICHELLE BROWN, President and CEO  
United Way of Anchorage  
Anchorage, Alaska

**POSITION STATEMENT:** Spoke in favor of SB 43.

SAMMYE POKRYFKI, Program Officer  
Rasmuson Foundation  
Anchorage, Alaska

**POSITION STATEMENT:** Spoke in favor of SB 43.

#### **ACTION NARRATIVE**

**CHAIR LESIL MCGUIRE** called the Senate State Affairs Standing Committee meeting to order at [9:04:43 AM](#). Senators McGuire, French, Stevens, and Green were present at the call to order.

CHAIR MCGUIRE announced that the first order of business would be the confirmation hearings for the commissioners of the Department of Administration (DOA), Department of Corrections (DOC), and Department of Public Safety (DPS).

Confirmation Hearing, Commissioner, Department of Administration

[9:05:18 AM](#)

ANNETTE KREITZER, Commissioner Designee, Department of Administration, said she was the Chief of Staff for former Lieutenant Governor Loren Lehman where she provided policy advice to the Division of Elections. She also worked as a committee aide for Loren Lehman when he was senator with the following committees: Special Committee on Oil and Gas, Resources, Labor and Commerce, and Finance. She said she never wanted to work in government, but intended to be a journalist.

[9:06:28 AM](#)

CHAIR MCGUIRE expressed her appreciation of dedicating her life to public service.

SENATOR GREEN said she is appreciative of all the attributes Ms. Kreitzer brings to the job.

SENATOR STEVENS asked if she plans any departmental changes.

COMMISSIONER KREITZER said she is getting her feet on the ground. She won't change anything just for the sake of change. She has been asked to look at the state travel office, so she has been giving that time and consideration. She will also focus on the unfunded liability of PERS and TRS.

[9:08:01 AM](#)

CHAIR MCGUIRE said that Local 71 representatives came into her office and expressed concern about statute AK39.90.020. In March of 2005 the Department of Law (DOL) issued an opinion on the ruling that family members cannot be in supervisory roles and extended it to include family members working alongside one another. In the rural communities it is difficult to put a work crew together. Not allowing brothers and sisters, for example, to work together is an artificial barrier, she stated.

[9:09:43 AM](#)

COMMISSIONER KREITZER said Senator French has also raised this issue. She said she will see how many departments the ruling affects. She spent seven years in Cold Bay and understands the limited opportunities for employment in small communities.

[9:10:32 AM](#)

SENATOR FRENCH said Commissioner Kreitzer has a reputation of being a hard worker, but asked about her ability to supervise 1000 employees and her management style.

COMMISSIONER KREITZER said she has supervised 10 people in the past. She has read many books on how to throw a wrench into management style, and now she finds herself in management. She said it is important to believe and trust in her staff. Her style is to get people into the department that she trusts and who support the people in the department. "And that's the biggest challenge for me right now, moving from a small staff where I was able to do that pretty effectively, to a much larger department and figure out how to get the culture that I bring, to all levels of the department."

[9:12:24 AM](#)

SENATOR FRENCH asked what her biggest challenge will be.

COMMISSIONER KREITZER said the department needs to get a handle on Enterprise Technology Services and all the IT projects that are going on, "and maybe pull back a little bit."

SENATOR FRENCH asked if political views will play any role in hiring or promoting staff.

COMMISSIONER KREITZER said when an administration comes in, it brings a certain philosophy, "and to the extent that there are folks who not only disagree with that philosophy, but would do everything to subvert that philosophy, I would have to say yes." She said that goes beyond political boundaries because in the private sector someone who disagrees with the company president, "you would probably have the same reaction."

SENATOR FRENCH asked the level of the employee and the spectrum of activity. He said he could see her not hiring someone who is actively campaigning against her or her boss, but someone who writes a \$100 check to a candidate with different views from the administration would fall outside the realm of job performance.

[9:14:56 AM](#)

COMMISSIONER KREITZER said she agrees, and she is referring to sensitive jobs that are involved in policy direction.

Confirmation Hearing, Commissioner, Department of Corrections

COMMISSIONER SCHMIDT, Commissioner Designee, Department of Corrections (DOC), said he was an apprentice airplane mechanic and a mover in 1987, and then he took a job as a security officer at a halfway house and was happy he could make his truck payments. He went to Seward in 1988. He said he was promoted to superintendent and in charge of the "Anchorage Complex." He said he then went to Pt. McKenzie and loved that, which was "a little closer to home than I thought it was going to be." There was a great deal of work to do there and that is when he started to think about doing more. He said it is an exciting time; "we're talking about reigniting some regional expansion talks with our facilities and of course the new facility out in the valley—we've got that moving along real good." He said he is happy to be part of what is going on with the department.

[9:17:19 AM](#)

CHAIR MCGUIRE said she enjoyed hearing his vision in a recent meeting, and she looks forward to seeing the results.

SENATOR STEVENS said he was impressed with the skill-building program in the prisons.

COMMISSIONER SCHMIDT said recidivism is a community problem but DOC has a piece of it, "and we should be responsible...to try to stop people from coming back to jail—giving them a tool bag." Pt. McKenzie is establishing a welding program and corrections will teach farming and meat cutting. The best time to influence people is during incarceration because they aren't drinking or doing drugs. "If anybody can get their attention, we can." There is a committee evaluating current programs and will recommend a statewide program. Substance use is huge; one study showed that 92 percent of prisoners were substance abusers when arrested.

[9:19:20 AM](#)

SENATOR STEVENS said he remembers creating the new campus in Kodiak in the 1970s, and the furniture was manufactured in Seward and is still being used.

SENATOR GREEN said she has been very supportive and involved in the new prison and asked for an update.

COMMISSIONER SCHMIDT said he is talking with the utilities now. The design is a campus concept with a central building and separate housing units. It gives the prisoner more responsibility of going to food and laundry services. It models the real world, he stated, and there will be staffing and construction efficiencies. It is cheaper to build smaller buildings, he said, but he doesn't know how much cheaper. Water is currently being drilled for. Groundwork will begin this summer and foundation work will begin next summer, he stated.

CHAIR MCGUIRE suggested giving a tour to the committee.

[9:22:11 AM](#)

SENATOR FRENCH said Commissioner Schmidt seems to be well-liked and well-respected in his field. He expressed concern with a report on recidivism and Alaska's low success rate. The crucial period of time seems to be the first 12 months out of jail, and Senator French asked if there is a sufficient number of probation officers to guide them.

[9:23:21 AM](#)

COMMISSIONER SCHMIDT said he can't say there are enough probation officers until there is no recidivism. He said DOC is always advocating for more, and the electronic monitoring bill

will take up some resources, but it is a good step in the right direction. Giving the prisoners tools while they are incarcerated is part of it, but a calculated re-entry is equally important, if not more important. The probation officer is important because the more supervision and guidance they are given, the better. The model should be helping them succeed, but not to the detriment of public safety.

COMMISSIONER SCHMIDT said that one of the recidivism numbers might be a false positive because a probation officer might violate an offender, particularly one that is mentally ill. A probation officer sees "a pattern developing and we know it's going to go bad at the end of the day, so we bring them back to jail, get them stabilized, get their medication, fix up whatever it might be that they need, and put them back." He noted there is no way to do that without going through the court. So they return to jail, "but really, it was a preemptive move." He suggested adding the tool he called "shock incarceration" of bringing someone back into jail to straighten them out and give them another shot at successfully re-entering.

SENATOR FRENCH asked if there are offices around the state are doing better than others, and he asked him to compare them to see what is working.

[9:26:09 AM](#)

CHAIR MCGUIRE said she is greatly concerned about prisoners with mental health issues. The state decided to de-institutionalize people with mental health problems and use a community-based model. Cutting funding to these entities directly corresponds with increased incarcerations. She asked what Commissioner Schmidt is doing to address it. She noted that there is a great deal of evidence that if the underlying disease is taken care of, then people can stop their criminal behavior.

[9:27:35 AM](#)

COMMISSIONER SCHMIDT said there is no excuse for committing a crime, but a mentally ill person may be able to change with counseling or medication. There are 33,000 bookings each year, and more than 13,000 have mental illness issues. He said 40 percent of the inmates suffer from mental illness including brain injury, mental retardation, and developmental disability. He said 18 percent have a serious chronic illness like bi-polar or schizophrenia. His mental health staff sees 100 new patients each month. In the 1950s there were 560,000 hospitalized nationwide, in the 1980s it dropped to 130,000, and in 2002 it was 61,000. "Where did they go? I know where they went." He said

he can't answer the question of whether they should be in a hospital or in a prison. But as the commissioner of corrections, they are in his hands so he hires mental health staff and supports the mental health units. When a prisoner is seriously assaultive, that person will go into a maximum security unit to keep everyone safe. The mental health units can be far more dangerous because it is difficult to see the behavior coming on. The units are effective. He said he doesn't know how to fix recidivism, but he will try some things that have worked in the past. Listening to the community is important, he said.

[9:30:59 AM](#)

CHAIR MCGUIRE said she applauds his answer and the knowledge of who is coming into the prisons and coming out. Alaska's framework includes rehabilitation, and a 60 percent recidivism rate shows that the state is failing. If underlying problems can be cured, it is better for everyone, she stated.

Confirmation Hearing, Commissioner, Department of Public Safety

WALT MONEGAN, Commissioner Designee, Department of Public Safety (DPS), said in 33 years of working in the Anchorage Police Department, he found that he loves the challenge of police work and the people he works with. He said he spent much of his youth in the Bush, and it is a part of Alaska that sometimes gets overlooked. He said he wants to enhance the safety of all Alaskans. The DPS is much more than troopers or airplanes; it is also public transportation, education, and working with the communities. If DPS does its job well, it will ease up on Commissioner Schmidt's workload.

[9:34:04 AM](#)

SENATOR STEVENS said the issues in rural Alaska are enormous. He spoke of the VPSO [Village Public Safety Officer] program and family members arresting each other.

COMMISSIONER MONEGAN said the VPSO program was a great concept, but it has not been nurtured. He wants it formalized with set expectations. It needs to be part of an overall effort and not be an island in a small community with no other support. The best way to do that is to work with the Alaska Police Standards Council to create tiers of peace officers. Then standards could be set for hiring and training so that anyone entering a tier could know what must be done to rise to the next tier.

[9:36:28 AM](#)

SENATOR FRENCH asked about the tier program because it sounds innovative and like a big step forward.

COMMISSIONER MONEGAN said currently there are village police officers, tribal police officers, village public safety officers, troopers, and municipal police officers. Village and tribal police are often selected by the community and then given minimal training and equipment and sent out to police their communities. They might not otherwise qualify to be police officers because of their background, but they are still willing to serve. The next level, the VPSO, requires background checks and more extensive training. The third level would be the Alaska State Troopers or the municipal police officer. He would like to put them into a tier system. The village and tribal police would be tier one with a certain set of standards. Tier two would be the VPSO, and tier three would be the troopers and municipal police officers. If it all runs through the Alaska Police Standards Council, each level would be documented, "so that any individual in any one of the tiers, if they decide to advance, they can build upon their former training...and feel that they are part of something larger than themselves and move towards enhancing public safety throughout the state."

[9:39:33 AM](#)

SENATOR GREEN noted that funding varies for the different levels of officers, and she asked if that will change.

COMMISSIONER MONEGAN said no, he would envision a formal structure, and any community that wants to develop a law enforcement presence can select which level is appropriate.

CHAIR MCGUIRE encouraged Commissioner Monegan to train and recruit young Alaskans. There are not enough probation officers or other public safety people. She noted that the state crime lab is a big passion of hers, and she said the lab should be up and working at the level of other states. A coroner was added two years ago because one coroner cannot be in two places at once. She asked for assurance that the crime lab would stay.

[9:41:32 AM](#)

COMMISSIONER MONEGAN said helping Alaskans get into public safety careers is important, and it is difficult to find qualified people throughout the nation. He said the people at the crime lab are wonderful and dedicated, and they work under pressure, and he will give them the encouragement they deserve.

CHAIR MCGUIRE moved to forward the names of Annette Kreitzer, Joe Schmidt, and Walt Monegan to a joint session for consideration. Hearing no objections, it was so ordered.

**SB 75-EXTENDING COUNCIL ON DOMESTIC VIOLENCE**

[9:43:34 AM](#)

CHAIR MCGUIRE announced the consideration of SB 75.

SENATOR KIM ELTON, Alaska State Legislature, sponsor of SB 75, said the bill extends the Council on Domestic Violence and Sexual Assault, which is due to expire in June. Between 2000 and 2004 there were over 32,000 incidents of domestic violence and sexual assault reported across Alaska. Extending the council will provide continued program planning and coordination of victim services. He noted that Legislative Budget and Audit supports the extension, and it has been endorsed by the Network on Domestic Violence and Sexual Assault, Juneau Police Department, Standing Together Against Rape, Sitkans against Family Violence, Abused Women, Women's Aid in Crises, Kenai LeeShore Center, Tundra Women's Clinic, Unalaskans against Sexual Assault and Family Violence, and the Alaska Women's Lobby.

[9:45:34 AM](#)

SENATOR GREEN said there have been many conversations about the network and the council including "a certain amount of questions." She said the extension is too long, and she has talked to people about having study groups gather information. There is some concern, she said. She asked to extend the council to 2011 instead of 2014.

SENATOR ELTON said he has been part of those conversations, and he agrees that there needs to more. He said that everybody sees the need for the council and a need to continue discussions on how the council does business and who sits on the council. He advocates a rural designee, for example. The conversations can be done within the context of the extension, he stated. Alaska's House of Representatives bill extends the council to 2011. He doesn't have a strong opinion on the time period.

SENATOR GREEN said the task force to be formed would begin its work immediately. It would have a plan in place regarding "where the people come from and who's contributing to it and what is the role of whom, so there is a little more assurance that everyone is in agreement."

She moved Amendment 1:

Page 1, line 6:  
Delete "2014"  
Insert "2011"

Hearing no objections, Amendment 1 passed.

CHAIR MCGUIRE said she has visited the Alaska Women's Resource Center in Anchorage, and she said, "In our community, Covenant House, certainly for young women, is a place that will often be a refuge for those who are seeking help in a domestic violence situation at a young age. Stepping Stones—to get in you've got to have been in a domestic violence situation and have a child. Then you have AWAKE, and so forth." She asked how this agency helps bring those groups together and facilitates help.

SENATOR ELTON said the council works with federal and state money and the process is semi-protected from decisions that are made by elected officials. The decisions are made by professionals. The council has members from the executive branch and from service providers. He said others can answer the question about delivery of services to the other groups.

[9:51:27 AM](#)

CHRIS ASHENBRENNER, Interim Program Administrator, Council on Domestic Violence and Sexual Assault, said the council uses communication to coordinate the multiple services and agencies. The council funds the 20 victim service agencies around the state with a two-year funding cycle. The council funds training and participates with its sister agency—the Network on Domestic Violence and Sexual Assault, which is the advocacy agency for many of the victim service programs as well as other programs that may not be members of the network. She said the council coordinates trainings and venues for discussions on domestic violence and sexual assault.

CHAIR MCGUIRE asked about administrative overhead. When she goes onsite, it is always a tough day seeing people in a tough life, and the resources are never enough. She noted that people in Stepping Stones are trying to get back on their feet, get a job, and get their children in day care.

MS. ASHENBRENNER said overhead is about ten percent, which includes the council administrative offices that do auditing and the council itself, which has quarterly meetings. She said 76 percent of the funding goes directly to victim service programs.

[9:54:58 AM](#)

MS. ASHENBRENNER said she would be happy to participate in a report. She urged movement of the bill so the council can do its work instead of figuring out how to dismantle.

[9:55:45 AM](#)

WALT MONEGAN, Commissioner Designee, Alaska Department of Public Safety, said police officers responding to domestic violence or sexual assault only work on a problem to a certain point, and that is not enough. Organizations such as the Council on Domestic Violence and Sexual Assault are necessary to help people "get the rest of the way." He strongly supports the bill.

[9:57:43 AM](#)

SENATOR FRENCH moved SB 75, as amended, from committee with individual recommendations and attached fiscal note(s). There being no objection, CSSB 75(STA) passed from committee.

**SB 43-CONTRIBUTIONS FROM PERM. FUND DIVIDENDS**

[9:58:10 AM](#)

CHAIR MCGUIRE announced the consideration of SB 43.

SENATOR GENE THERRIAULT, Alaska State Legislature, said SB 43 will encourage Alaskans to give more to charity. The Rasmuson Foundation offered to underwrite the expense of operating the system by which Alaskans can donate a portion of their permanent fund dividend to qualified organizations. The foundation will cover the expenses for three years, and the fiscal note is the estimation of the cost of running the program. The ultimate goal is to increase private philanthropy in Alaska. Alaskans who earn \$100,000 or more rank 49th or 50th in the nation in terms of giving. Alaskans with lower income give more than those with middle or high income. Senator Therriault believes that SB 43 will help encourage those Alaskans to give more by making contributing easier. There is a zero fiscal note, so for the first three years, 100 percent of the donations will go to the charities. The Rasmuson Foundation would be an agent to operate the program. Participating charities would need to meet the criteria set out in the bill. The donation would be noted on the electronic application for the dividend. There would be a drop down menu for who to give to and how much. The gift could be made to a general category or to a specific group.

[10:02:26 AM](#)

SENATOR THERRIAULT said the process would be easy, and he listed the criteria for participating charities. The Rasmuson Foundation is very familiar with the organizations around the state. He said he worked with the Department of Administration to make sure the program would be easy to administer. The bill has been written to steer contributions toward youth and workforce development, the arts, elderly services, low income individuals, individuals in emergency situations, disabled and mentally ill individuals, and community foundations. Anchorage and Kenai have community foundations, which build up trusts from estate gifts to support community entities, he explained.

[10:04:45 AM](#)

SENATOR THERRIAULT said organizations would have to prove they meet the criteria, including having a voluntary board of directors who are all Alaska citizens. At least five percent of their annual receipts must come from contributions, and if they have a total annual budget of more \$250,000, an unqualified audit must be performed. The legislation sets up a trial program that will sunset in 2010, and if it is successful, the legislature can move or eliminate the sunset date.

[10:06:49 AM](#)

SENATOR GREEN asked if an elementary school would qualify.

SENATOR THERRIAULT said there has been debate about including every school and the complexity of that.

HEATHER BRAKES, staff to Senator Therriault, said elementary schools would not be eligible.

SENATOR FRENCH asked how Senator Therriault came up with the charitable programs that would be included.

SENATOR THERRIAULT said he stayed away from any groups that are in politically-sensitive areas. "So we just tried to draw the line with organizations that we believe...have general support in the public; did not stray into the political arena; their function is readily understandable, identifiable; trying to steer clear of the groups that would potentially get the effort into trouble."

[10:09:31 AM](#)

SENATOR STEVENS said the university has a foundation, and he asked how to give to a particular campus. He questioned whether smaller campuses are 501C3 organizations.

SENATOR THERRIAULT said he is not sure, but any group could take steps to create an organization to fit the criteria. He suggested speaking with the university.

[10:11:04 AM](#)

SENATOR GREEN asked about Rasmuson Foundation's involvement.

SENATOR THERRIAULT said they have agreed to pick up the expense of operating the program, and it is outlined on the fiscal note, including software and reprogramming. After three years, the foundation will step out of the program, and it will become self supporting. A portion of the donations would then be used for the operating expenses.

[10:12:18 AM](#)

SENATOR GREEN asked who would do that work if the Rasmuson Foundation didn't do it.

SENATOR THERRIAULT said it could come out of the contributions themselves. The drafters wanted to make it clear that a portion of the giving will underwrite the administrative expense after the three years that Rasmuson covers it.

SENATOR GREEN said she is nervous about the connection with the Rasmuson Foundation. "As it and the Denali Commission came into being years ago, at different times, it was sort of our assumption, certainly mine, that there would not be a connection between the state budget and what they did as foundations or as a commission. And that seems to be kind of diminishing, that clear line between it. And it kind of bothers me; and I understand the reason, but it kind of bothers me because, would they then be inclined, in the sunset year, to become a lobbyist for the program to the government?" She said there needs to be a clear line between foundations and the state budget.

[10:14:42 AM](#)

SENATOR THERRIAULT said he doesn't fully understand the concern. The Rasmuson Foundation is just pledging money over the start-up years to get the program up and running. He said it is not money like the mental health trust that started a state program. There will never be any crossover between the state treasury and the money going to the charities, he explained.

CHAIR MCGUIRE said she understands Senator Green, but Senator Therriault explained the distinction well. Seed money from a foundation that puts a program into place can create a constituency and a dependency. She said it reminds her of

federal matching funds, "for only ten percent, you, too, get all of these things, but then once they're gone, we're left to pick up the tab." But this is different, because the foundation just pays the set-up costs, and general funds are not used. If the program continues, the contributors will pay for it. By 2010, the state can see if people are using it. She said she likes the bill and it amazes her "that sometimes you have to motivate humans in a direction." There is no law that keeps people from giving some of their dividend to charity, but this will create a reminder and encouragement. Senator Therriault has done a good job making sure money doesn't come out of state coffers.

[10:17:55 AM](#)

SENATOR THERRIAULT said he understands that some programs need state funds, but this program doesn't. If contributions are not enough to pay for it, it will sunset.

[10:18:49 AM](#)

SENATOR THERRIAULT said the next year's dividend may be \$1,500.00, and he hopes Alaskans will feel generous because the money "just accrues to them for drawing breath in the State of Alaska for a 12-month period."

SENATOR FRENCH noted that the first few years his full donation will go to the charity, and he asked what percentage will go to administrative overhead after that. Alaskans could believe that they are giving the full amount, he said.

SENATOR THERRIAULT said the major expense is the upfront programming, and then it drops down to \$91,000. So the individual Alaskan can decide to check a box or write a check.

[10:21:37 AM](#)

CHAIR MCGUIRE said there are always overhead costs, and citizens should know how much of their donation goes to the charity.

SENATOR FRENCH said there will be an additional layer of overhead, and it is somewhat masked by the foundation's participation in the first couple of years. It may turn out to be negligible if a lot of people participate.

SENATOR THERRIAULT said that when he writes a check to a charity, part of the money goes to the mailing expense. He noted that people can find out what charities have low overhead.

[10:23:21 AM](#)

SENATOR GREEN asked how to declare the dividend income and if a person's tax liability goes down.

SENATOR THERRIault said the income would be the same but then there would be the charitable deduction.

MICHELLE BROWN, United Way of Anchorage, said she supports SB 43. Alaskans have a wonderful tradition of being good neighbors, but that tradition needs to grow into a tradition of giving dollars, which is a great way to invest money back into communities. Government cannot do everything, she said. Much of Alaska's quality of life comes from nonprofits and volunteers. Many organizations care for kids and connect people with healthcare. They ensure that people are housed and fed, so they can pay attention to education and work. Many issues that seem to be personal, like domestic violence, really have enormous financial and societal implications. She said SB 43 is a way for people to invest in the quality of their communities, and it is very cost effective because nonprofits are efficient. Nonprofits employ about one in ten employed Alaskans with a payroll of over \$1.1 billion, so they help Alaska's economy. She said the United Way of Anchorage will help implement the legislation and has a long history of managing donor-designated fundraising. She stated that the United Way would implement the legislation as it is written, and it could be up and running very quickly.

[10:27:31 AM](#)

SAMMYE POKRYFKI, Program Officer, Rasmuson Foundation, said SB 43 provides an easy way to make charitable donations to favorite nonprofits. The Rasmuson Foundation is a private family foundation funding nonprofits in every corner of the state. She said it has offered to pay for all startup costs because Alaska has more nonprofits per capita than any other state—one for every 110 Alaskans. The nonprofits are famous for doing more with less. Alaska depends on them to provide essential services, but the demand on those services far outstrips the funding available. The legislature and other major funders have indicated that nonprofits must become more sustainable. One way to do that is to augment public funding with donated charitable dollars, she stated. Supporting nonprofits makes a lot of sense socially and economically. In 2006, a study found that the nonprofit sector was a major part of Alaska's economy. There are 19 public charities among the 100 largest private employers in Alaska. They make significant expenditures in the state. Alaska nonprofits are overly dependent on federal dollars, at almost \$1 billion last year alone. A big part of becoming more sustainable

is increasing the amount of individual charitable giving, and SB 43 will help do that for an even bigger economic impact.

[10:30:50 AM](#)

CHAIR MCGUIRE said she likes the bill and hopes to move it out on Thursday. She requested an amendment that would limit the overhead or disclose it after the Rasmuson Foundation departs. She said she would like to hear from the Alaska Permanent Fund, and it is a great bill. SB 43 was held over.

The Senate State Affairs Committee adjourned at [10:32 AM](#).