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1 IN THE SENATE BY KERTTULA, JOSEPHSON
AND SZYMANSKI

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 19

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Children's Trust
7 Corporation; the Alaska children's trust fund; con-
8 tributions to the trust fund from permanent fund
9 dividends; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. PURPOSE. The purpose of this Act is to ensure a continu-
12 ing source of money to pay for, and provide advocacy for, the prevention of
13 child abuse and neglect in Alaska.

14 * Sec. 2. AS 37.14.160 is amended to read:

15 Sec. 37.14.160. DUTIES OF COMMISSIONER OF REVENUE. The commis-
16 sioner of revenue is the treasurer of the funds created in AS 37.14.-
17 010, [AND] 37.14.110, and 37.14.200, and shall

18 (1) act as official custodian of the cash and securities
19 belonging to those funds and provide adequate safe deposit facilities
20 for each of them;

21 (2) receive cash belonging to those funds;

22 (3) collect the principal on securities acquired for each
23 fund established under AS 37.14.010, [AND] 37.14.110, and 37.14.200,
24 and credit each fund accordingly;

25 (4) collect interest and dividends earned on investments of
26 the funds established under AS 37.14.010, [AND] 37.14.110, and 37.14.-
27 200, and credit the income reserve account of each fund accordingly;

28 (5) invest and reinvest the principal of the funds estab-
29 lished under AS 37.14.010 and 37.14.110 [EACH FUND] in accordance with

1 AS 37.14.170;

2 (6) invest and reinvest the principal and income of the
3 fund established in AS 37.14.200 in accordance with AS 37.14.170.

4 * Sec. 3. AS 37.14.160 is repealed and reenacted to read:

5 Sec. 37.14.160. DUTIES OF COMMISSIONER OF REVENUE. The commis-
6 sioner of revenue is the treasurer of the funds created in AS 37.14.-
7 010 and 37.14.110 and shall

8 (1) act as official custodian of the cash and securities
9 belonging to those funds and provide adequate safe deposit facilities
10 for each of them;

11 (2) receive cash belonging to those funds;

12 (3) collect the principal on securities acquired for each
13 fund established under AS 37.14.010 and 37.14.110 and credit each fund
14 accordingly;

15 (4) collect interest and dividends earned on investments of
16 the funds established under AS 37.14.010 and 37.14.110 and credit the
17 income reserve account of each fund accordingly;

18 (5) invest and reinvest the principal of each fund in
19 accordance with AS 37.14.170.

20 * Sec. 4. AS 37.14.170 is amended by adding a new subsection to read:

21 (c) The commissioner of revenue may invest the principal and
22 income of the fund established under AS 37.14.200 in investments
23 described in AS 37.10.070(a)(1) - (12). The commissioner of revenue
24 may exercise powers under (b) of this section with respect to the fund
25 established under AS 37.14.200.

26 * Sec. 5. AS 37.14 is amended by adding new sections to read:

27 ARTICLE 4. ALASKA CHILDREN'S TRUST FUND.

28 Sec. 37.14.200. ALASKA CHILDREN'S TRUST FUND ESTABLISHED. (a)

29 The Alaska children's trust fund is established as a separate

1 endowment trust fund of the state.

2 (b) The principal of the fund consists of

3 (1) permanent fund dividend contributions made under
4 AS 37.14.210;

5 (2) legislative appropriations to the fund; and

6 (3) gifts, bequests, and contributions of cash or other
7 assets from a person.

8 (c) The net income of the fund shall be determined by the com-
9 missioner of revenue in accordance with investment accounting princi-
10 ples and in a manner that preserves the distinction between principal
11 and income.

12 Sec. 37.14.210. CONTRIBUTION TO THE ALASKA CHILDREN'S TRUST
13 FUND. The Department of Revenue shall prepare the permanent fund
14 dividend application to allow an applicant to contribute all or a part
15 of a dividend to the Alaska children's trust fund. The department
16 shall pay contributions directly to the fund.

17 Sec. 37.14.220. FUND INVESTMENTS AND APPROPRIATIONS. (a)
18 Except as provided in (b) of this section, the principal and income of
19 the fund shall be retained perpetually in the fund for investment as
20 specified in AS 37.14.170.

21 (b) The net income of the fund may be appropriated only to
22 reimburse the Department of Revenue for the costs of establishing and
23 managing the fund and making changes to the permanent fund dividend
24 application under AS 37.14.210.

25 Sec. 37.14.230. DEFINITION. In AS 37.14.200 - 37.14.230, "fund"
26 means the Alaska children's trust fund established under AS 37.14.200.

27 * Sec. 6. AS 47 is amended by adding a new chapter to read:

28 CHAPTER 12. ALASKA CHILDREN'S TRUST
29 CORPORATION AND FUND.

1 Sec. 47.12.010. ALASKA CHILDREN'S TRUST CORPORATION. (a) There
2 is created in the Office of the Governor the Alaska Children's Trust
3 Corporation.

4 (b) The Alaska Children's Trust Corporation is a nonprofit
5 public corporation of the state and an instrumentality of the state,
6 but has a legal existence independent of and separate from the state.
7 The exercise by the corporation of powers under this chapter is an
8 essential function of the state.

9 AS 47.12.020. BOARD OF DIRECTORS. (a) The corporation shall be
10 managed by a board of directors consisting of

11 (1) the governor or a designee of the governor;

12 (2) the commissioner of health and social services or the
13 commissioner's designee;

14 (3) a member of the Council on Domestic Violence and Sexual
15 Assault elected by the council;

16 (4) the chief guardian ad litem of the office of public
17 advocacy;

18 (5) a member of the Senate elected by the members of the
19 Senate;

20 (6) a member of the House of Representatives elected by the
21 members of the House of Representatives; and

22 (7) five members appointed by the governor as follows:

23 (A) a licensed physician with a specialty in pediat-
24 rics who has practiced medicine in the state for at least five
25 years and who is an expert in the subject of child abuse and
26 neglect;

27 (B) two persons who have special knowledge or training
28 in the management of investments;

29 (C) a person who has special knowledge or training in

1 the evaluation of grant proposals and in grant management; and

2 (D) a person from the general public.

3 (b) A member may be reappointed. The governor shall appoint
4 members for staggered four-year terms. If a vacancy occurs, the
5 governor shall appoint a member immediately to fill the vacancy for
6 the unexpired term. A board member's term ends upon any of the fol-
7 lowing occurrences:

8 (1) appointment of a successor;

9 (2) the board member's resignation or death;

10 (3) a declaration under AS 13 of the board member's dis-
11 ability; or

12 (4) the board member's removal by the governor.

13 Sec. 47.12.030. MEETINGS OF BOARD. (a) The board shall elect a
14 chairman from among its membership at each annual meeting of the
15 board. A majority of the members constitutes a quorum for organizing
16 the board, conducting its business, and exercising the powers of the
17 corporation. The board shall meet at the call of its chairman. The
18 board shall meet not less than once each three months.

19 (b) The board may meet and transact business by electronic media
20 if

21 (1) public notice of the time and locations where the
22 meeting will be held by electronic media has been given in the same
23 manner as if the meeting were held in a single location;

24 (2) participants and members of the public in attendance
25 can hear and have the same right to participate in the meeting as if
26 the meeting were conducted in person; and

27 (3) copies of pertinent reference materials, statutes,
28 regulations, and audio-visual materials are reasonably available to
29 participants and to the public.

1 (c) A meeting by electronic media as provided in this section
2 has the same legal effect as a meeting in person.

3 Sec. 47.12.040. COMPENSATION OF BOARD MEMBERS. Members of the
4 board serve without compensation, but the corporation may pay per diem
5 and travel expenses authorized by law for state boards under AS 39.-
6 20.180.

7 Sec. 47.12.050. STAFF. The board may employ not more than three
8 persons to administer the corporation under this chapter and to per-
9 form other duties that the board may prescribe.

10 Sec. 47.12.060. CONFLICTS OF INTEREST. A member or employee of
11 the board may not acquire an interest, direct or indirect, in a corpo-
12 ration, company, association, or project owned, controlled, invested
13 in, or assisted by the corporation. If a member or employee owns or
14 controls this type of interest, the member or employee shall immedi-
15 ately disclose the interest in writing to the board and refrain from
16 participating in an activity relating to that interest.

17 Sec. 47.12.070. POWERS. In carrying out the corporate powers of
18 the corporation, the board may

19 (1) adopt, alter, and use a corporate seal;

20 (2) prescribe, adopt, amend, and repeal by-laws;

21 (3) sue and be sued in the name of the corporation;

22 (4) enter into agreements necessary to the exercise of
23 board powers and functions;

24 (5) accept grants from and contract with the federal gov-
25 ernment, the state, or political subdivisions of the state, and to
26 that end, comply with the provisions of federal, state, or local
27 programs where necessary;

28 (6) accept grants, endowments, and contributions from
29 sources other than those specified in (5) of this section, to be held

1 and used for the purposes of the corporation;

2 (7) appear for the corporation before boards, commissions,
3 departments, or other agencies of municipal, state, or federal govern-
4 ment;

5 (8) acquire, hold, use, lease, sell, or otherwise dispose
6 of property or an interest in property;

7 (9) hold patents, copyrights, trademarks, royalties, or
8 other evidence of protection or exclusivity issued under law;

9 (10) prepare, publish, and distribute technical studies,
10 reports, bulletins, and other appropriate materials;

11 (11) use the income of the Alaska children's trust fund as
12 provided in AS 47.12.080;

13 (12) adopt regulations governing the exercise of corporate
14 powers and duties;

15 (13) do all acts and things necessary or desirable to carry
16 out the purposes of the corporation.

17 Sec. 47.12.080. ALASKA CHILDREN'S TRUST FUND. The Alaska chil-
18 dren's trust fund is established in the corporation, consisting of
19 money or assets appropriated, transferred, or contributed to the
20 corporation, and payments of principal and interest on investments
21 made by the corporation. During each fiscal year the board may expend
22 up to one-fourth of the unrestricted money in the fund. The remainder
23 of the fund and capital gains shall be retained in the fund for in-
24 vestments described in AS 37.10.070(a)(1) - (12).

25 Sec. 47.12.090. DUTIES. In carrying out the purposes of this
26 chapter the board shall

27 (1) provide financial assistance for programs and projects
28 that the board finds will aid communities in the prevention of child
29 abuse and neglect;

1 (2) monitor approved programs and projects for compliance
2 with this chapter and provide operational and performance evaluations
3 of programs and projects receiving financial assistance;

4 (3) expend not more than one-eighth of the income of the
5 Alaska children's trust fund for administrative expenses of the corpo-
6 ration;

7 (4) keep minutes of each meeting of the board and send a
8 certified copy of the minutes to the governor and the Legislative
9 Budget and Audit Committee.

10 Sec. 47.12.100. FINANCIAL ASSISTANCE. (a) In providing finan-
11 cial assistance under this chapter the board shall consider the pro-
12 posals of a qualified applicant only after the applicant has submitted
13 a detailed proposal in the form prescribed by the board. The board
14 may not approve financial assistance unless the board makes written
15 findings that

16 (1) the proposed project, if successful, will help a local
17 community prevent child abuse or neglect;

18 (2) the application for financial assistance contains an
19 adequate plan for project implementation, including both financial
20 feasibility and project effectiveness;

21 (3) the applicant demonstrates that sufficient technical
22 expertise is available to accomplish the objectives of the proposed
23 program or project; and

24 (4) the applicant has identified costs associated with and
25 ancillary to the project, additional governmental costs, future obli-
26 gations generated by the program or project, and necessary operating,
27 maintenance, or other support costs for the life of the program or
28 project.

29 (b) Before providing financial assistance for a program or

1 project the board shall establish a means of measuring the effective-
2 ness of the program or project.

3 (c) The board shall grant financial assistance that

4 (1) is appropriate to the conditions of the applicant and
5 the proposed program or project; and

6 (2) will make the most effective use of the funds avail-
7 able.

8 (d) In providing financial assistance under this chapter the
9 board shall give a preference to nonprofit corporations.

10 (e) The amount of assistance paid by the board during a 12-
11 month period to a single project or program may not exceed the lesser
12 of 25 percent of the unrestricted resources of the corporation or
13 \$1,000,000.

14 Sec. 47.12.110. ELIGIBILITY FOR FINANCIAL ASSISTANCE. The board
15 may provide financial assistance to an applicant if

16 (1) the applicant has submitted a proposal as requested by
17 the board; and

18 (2) programs and projects of the applicant that have previ-
19 ously received financial assistance from the corporation have complied
20 with all requirements of that assistance and have shown sufficient
21 success or promise to warrant further financial assistance.

22 Sec. 47.12.120. REPORTS AND PUBLICATIONS. (a) The corporation
23 shall publish an annual report by January 10 of each year for distri-
24 bution to the governor, the legislature, and the public. The report
25 shall be written in easily understandable language, shall consider the
26 assigned duties of the corporation, and shall include

27 (1) a financial statement audited by an independent outside
28 auditor;

29 (2) a statement of the corporation's investments under this

1 chapter, including an appraisal of the investments at market value;
2 (3) a description of corporation investment activity during
3 the period covered by the report;
4 (4) a summary of the services for prevention and treatment
5 of child abuse and neglect that were provided by the programs or
6 projects assisted by the corporation; and
7 (5) other information the members of the board believe
8 would be of interest to the governor, the legislature, and the public.

9 (b) The annual income statement and balance sheet of the corpo-
10 ration shall be published in at least one newspaper in the state.

11 (c) The corporation may publish other relevant reports.

12 Sec. 47.12.130. OPERATING BUDGET. The operating budget of the
13 corporation is not subject to the Executive Budget Act (AS 37.07).
14 The fiscal year of the corporation ends on June 30.

15 Sec. 47.12.140. ANNUAL AUDIT. The corporation shall have its
16 financial records audited annually by an independent outside auditor.
17 The legislative auditor may prescribe the form and content of the
18 financial records of the corporation and shall be given access to
19 these records at any reasonable time requested.

20 Sec. 47.12.150. COOPERATION WITH STATE AGENCIES. Departments
21 and agencies of the state shall provide services, facilities, and
22 information that is not required by law to be kept confidential, at
23 the request of the corporation. The corporation shall reimburse a
24 department or agency for unusual expenses reasonably incurred on the
25 corporation's behalf.

26 Sec. 47.12.160. PUBLIC ACCESS TO INFORMATION. Information in
27 the possession of the corporation is a public record, except that
28 information that discloses the identity of an individual served by a
29 program or project funded by the corporation is confidential and is

1 not subject to inspection and copying under AS 09.25.110 - 09.25.121.
2 Confidential information in the possession of the corporation may be
3 disclosed only by court order or if its production is required in a
4 court proceeding. The corporation may publish statistics presented in
5 a manner that prevents the identification of an individual.

6 Sec. 47.12.170. CONTRIBUTION TO THE ALASKA CHILDREN'S TRUST
7 FUND. The Department of Revenue shall prepare the permanent fund
8 dividend application to allow an applicant to contribute all or a part
9 of a dividend to the Alaska children's trust fund. The department
10 shall pay contributions directly to the fund.

11 Sec. 47.12.900. DEFINITIONS. In this chapter, unless the con-
12 text indicates otherwise,

13 (1) "applicant" means a person making application to the
14 corporation for financial assistance;

15 (2) "board" means the board of directors of the Alaska
16 Children's Trust Corporation;

17 (3) "child abuse and neglect" has the meaning given in
18 AS 47.17.070;

19 (4) "corporation" means the Alaska Children's Trust Corpo-
20 ration;

21 (5) "prevention of child abuse and neglect" includes pri-
22 mary and secondary prevention programs;

23 (6) "primary prevention program" means an educational or
24 training program intended to raise the awareness of and change atti-
25 tudes concerning child abuse and neglect and its prevention;

26 (7) "secondary prevention program" means a service intended
27 to reach high-risk groups and to prevent the occurrence or recurrence
28 of child abuse and neglect.

29 * Sec. 7. AS 39.25.110 is amended by adding a new paragraph to read:

1 (24) employees of the Alaska Children's Trust Corporation.

2 * Sec. 8. Notwithstanding AS 39.05.055, the terms of the members ini-
3 tially appointed by the governor to the board of directors of the Alaska
4 Children's Trust Corporation under AS 47.12.020, enacted by sec. 6 of this
5 Act, may be for any term of four years or less in order to stagger the
6 terms.

7 * Sec. 9. On the day that the amount of the principal and income of the
8 fund established under AS 37.14.200, as enacted by sec. 5 of this Act,
9 equals \$500,000, the commissioner of revenue shall

10 (1) report this fact to the governor, lieutenant governor, the
11 presiding officer of each house, and the revisor of statutes;

12 (2) prepare an accounting of the principal and income of the
13 fund; and

14 (3) transfer the principal and income of the fund to the fund
15 established under AS 47.12.080, as enacted by sec. 6 of this Act.

16 * Sec. 10. AS 37.14.170(c), 37.14.200, 37.14.210, 37.14.220, and 37.-
17 14.230 are repealed.

18 * Sec. 11. Sections 1, 2, 4, 5, and 9 of this Act take effect July 1,
19 1987.

20 * Sec. 12. Sections 3, 6 - 8, and 10 of this Act take effect on the day
21 specified in sec. 9 of this Act.