

COMMITTEE REPORT  
HOUSE

11)

FURTHER:

6/1/83

Date: 6/17/83

Mr. Speaker:

The Committee on FINANCE has had SB 93

"An Act establishing an endowment for the physical sciences at the University of Alaska; and providing for an effective date."

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with <sup>H</sup>CS for SB 93 (FIN)  same title  
 new title
- and recommends do pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation  Zero Fiscal Note Attached
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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CHAIRMAN

Original sponsor: Bennett

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 93 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing an endowment for the physical  
7 sciences at the University of Alaska; and providing  
8 for an effective date."

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

10 \* Section 1. AS 14.40 is amended by adding a new section to read:

11 Sec. 14.40.282. ENDOWMENT FOR THE PHYSICAL SCIENCES. (a) The  
12 Board of Regents shall equally establish an endowment for the physical  
13 sciences at each of the three major campuses of the University of  
14 Alaska. Each endowment shall be managed as a perpetual trust. The  
15 income of each endowment shall be used to pay the salary and related  
16 expenses of each person appointed under (b) of this section for  
17 research, teaching, and advanced studies in one or more physical  
18 science disciplines.

19 (b) The Board of Regents shall appoint a person at each major  
20 campus who is distinguished in one or more physical science disci-  
21 plines to be paid from the endowment for the physical sciences. The  
22 tenure and the duties of each appointee shall be established by the  
23 Board of Regents based on the need for

24 (1) teaching, research, and studies in physical sciences of  
25 special interest in the state; and

26 (2) advancement of scientific study at the University of  
27 Alaska.

28 \* Sec. 2. This Act takes effect July 1, 1983.

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. H CS SB 93 (HESS)  
 Title Establishing endowment for physical sciences at UA  
 Requested by House Finance Committee Date 6/13/83

II. FISCAL DETAIL

Agency Affected University of Alaska  
 Program Category Affected All campuses  
 BRU, Program, Or Subprogram(s) Affected \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

No funding is provided for this bill because \$625,000 is included in the FY 84 capital budget for capitalization of the endowment fund.

IV. DATE 6/13/83 PREPARED BY Al Adams, Chair ARA  
 AGENCY House Finance Committee  
 Original: Legislative Finance PHONE 465-3706  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33 001 (Rev. 12/82)

The following individuals may testify on SB 93:

Senator Bennett (or staff), prime sponsor

Representatives from the University of Alaska

A PROPOSAL TO ESTABLISH AN ENDOWED CHAIR  
FOR THE PHYSICAL SCIENCES AT THE UNIVERSITY  
OF ALASKA IN FAIRBANKS.

Submitted by Claus-M. Naske,  
Assoc. Prof., History  
Thomas Osterkamp  
Professor, Physics

March, 1981

### Background

Since medieval times, wealthy patrons, mercantile organizations, and governments have endowed chairs in Universities. The procedures were always very simple. A designated University received a lump sum of money which was then put into a trust fund and invested. The interest from the trust then was used to pay the salary and other emoluments of the chair's occupant. The principal was never touched.

Endowed chairs spanned the spectrum of academic and professional disciplines, from physics to the humanities, and from medicine to architecture and law. In most cases, Universities used endowed chairs to hold or attract top talent. The majority of American Universities have endowed chairs, although they are more numerous on the east than the west coast. The University of Alaska does not have an endowed chair. Now there is an opportunity for the Alaska Legislature to establish an endowed chair.

### Cost

It is assumed that full costing for an endowed chair will be through the auspices of an endowment under which the principal of the fund would be invested in perpetuity and that earnings on the investment would be used to cover required annual costs. It is also assumed that, on the average, about 10% would be earned on the invested principal. In years when more than this was earned, additional earnings would be added to the principal to increase it so that earnings in subsequent years would increase with inflation. Under these assumptions, it would require a principal of \$1.3 million to establish an endowed chair.

Annual earnings from the fund would be required as follows:

Annual salary	\$75,000
Staff benefits (approximately 20% of salary requirement)	\$15,000
Support services Secretarial/Assistant salaries plus staff benefits	\$25,000
Support costs Travel, supplies & operating costs	<u>\$15,000</u>

ANNUAL COST REQUIREMENT \$130,000

#### Justification

Specifically, there is one scientist at the University of Alaska, Fairbanks, who should be honored by an endowed chair. He might occupy the chair until his retirement. After that, other top scientists might be honored by being invited to occupy the chair for varying length of time.

Professor Syuu-Ichi Akasofu has done more than any other scientist to build up and maintain the worldrenowned reputation of the Geophysical Institute as a center of research and scholarly excellence in the field of space science.

Professor Akasofu is preeminent in the field of auroral studies coupled with geomagnetism. He has authored or coauthored nearly 400 scientific articles, and authored or coauthored five books on solar terrestrial relations, the aurora, and geomagnetism, and edited another, and also written two definitive encyclopedic articles on the aurora.

His achievements have been justly recognized by the scientific community at large, and he has been the editor or on the editorial board of five well-

established journals dealing with geophysics and space sciences. He has been accorded several honors, given only to those whose contributions to geophysics and science in general have been outstanding. These are:

The Chapman Medal of the Royal Astronomical Society of England in 1976;

The Japan Academy Medal in 1977;

The Fleming Medal from the American Geophysical Union in 1979.

Professor Akasofu also was elected a Fellow of the American Geophysical Union and named Distinguished Alumnus of the University of Alaska, Fairbanks, where he received the Ph.D. in 1961.

#### Conclusion

An endowed chair would free Professor Akasofu from proposal writing and enable him to materially aid the efforts of his younger colleagues. It would also make it possible for him to become a highly effective spokesman for Alaska Science, and also make it possible for him to attract other, highly talented and dedicated scientists to the state. His activities already have brought great prestige to the State of Alaska and its University. In later years, other top scientists would occupy the endowed chair.



Sherman Carter  
Executive Vice President

UNIVERSITY OF ALASKA

FAIRBANKS, ALASKA 99701

February 13, 1981

MEMORANDUM FOR PROFESSOR CLAUS NASKE

FROM: Sherman Carter

A handwritten signature in dark ink, appearing to read "Sherman Carter".

SUBJECT: Cost of endowing an academic "chair"

This paper is to comply with your request that I indicate to you how much money it would cost to endow an academic "chair."

Various assumptions were made in preparing the cost estimates provided below. One of these was that the person selected would be a world-class scientist--cost, of course, would be less for other types of faculty positions. Secondly, it is assumed that full costing for filling the position would be by an endowment under which the principal of the fund would be invested in perpetuity and that earnings on the investment would be used to cover required annual costs. Thirdly, it is assumed that, on the average, about 10% would be earned on the invested principal. In years when more than this was earned, additional earnings would be added to the principal to increase it so that earnings in subsequent years would increase with inflation.

Initially, \$1.3 million would be required for the endowment fund.

Annual earnings from the fund would be required approximately as follows:

Annual salary	\$75,000
Staff benefits (approximately 20% of salary requirement)	15,000
Support services Secretarial/Assistant salaries plus staff benefits	25,000
Support costs Travel, supplies & operating costs	<u>15,000</u>
ANNUAL COST REQUIREMENT:	\$130,000

SFC:sb

Note: 10/28/81 President Barton indicated that a substantially smaller appropriation would support the annual cost requirement.

April 2, 1981

Senator Bettye Fahrenkamp  
Pouch V  
Juneau, AK 99811

Dear Senator Fahrenkamp:

This letter is in support of a proposal to establish an endowed chair for physical sciences at the University of Alaska with Professor Akasofu as its first recipient. The reasons for establishing such a chair are numerous but include holding or attracting extremely talented persons, financial, and academic ones. An endowed chair makes it possible for the recipient to concentrate on his research program and gives him 23 2-3 months extra time to spend on research and on generating funds for support of other researchers. Professor Akasofu has obtained about \$1,000,000 per year for 10 years. This can be compared to the cost of an endowed chair which is a one-time expenditure of = \$1.3 million.

The most compelling reason for creating an endowed chair is the tremendous boost it would give to the quality of the academic and research programs at the University of Alaska. It is a fact that "excellence promotes excellence". The people occupying an endowed chair can be expected to attract top-level co-workers and also to stimulate others already at the University of Alaska.

Anything you can do to help in this matter is deeply appreciated.

Sincerely,

T. E. Osterkamp  
Professor of Physics & Geophysics

TEO/sgf

Introduced: 1/31/83  
Referred: Health, Education and  
Social Services and  
Finance

1 IN THE SENATE

BY BENNETT

2

SENATE BILL NO. 93

3

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13 ences at the University of Alaska campus in Fairbanks. The endowment  
14 shall be managed as a perpetual trust. The income of the endowment  
15 shall be used to pay the salary and related expenses of the person  
16 appointed under (b) of this section for research, teaching, and ad-  
17 vanced studies in one or more physical science disciplines.

18 (b) The Board of Regents shall appoint a person who is distin-  
19 guished in one or more physical science disciplines to be paid from  
20 the endowment for the physical sciences. The tenure and the duties of  
21 the appointee shall be established by the Board of Regents based on  
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