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# Alaska State Legislature



SENATOR  
ARLISS STURGULEWSKI

Chairman, Senate Community and Regional Affairs Committee  
Vice-Chairman, Senate Judiciary Committee  
Member, Senate Resources Committee

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## Senate

M E M O R A N D U M

09 February 1988

TO: Senator Mitch Abood  
Chairman, Senate State Affairs Committee

FROM: Senator Arliss Sturgulewski

RE: Senate Bill 310

I appreciate your scheduling a hearing for Senate Bill 310. As you know, the University of Alaska Foundation is the non-profit fund-raising arm of the University of Alaska. It was established in 1974 to solicit donations, and to hold and manage them for the exclusive benefit of the University of Alaska. In cooperation with the University development officers on the campuses, the Foundation raises funds for the University through a variety of activities including special events, fund drives, contributions from major donors, establishment of support associations, and innovative fundraising ideas.

The goals of the University Foundation are to develop increased income from existing assets through improved management of the Foundation's revenue streams and to develop a targeted fund-raising effort among private individuals and companies.

This fund-raising for the University through private channels is important not only to provide funds for the University but it is an important tool to enable the citizens of the state of Alaska to become informed about the University, its educational mission and relationship to the community and its financial needs.

During the past two years, state appropriations to the University have decreased by nearly 30%. In the wake this budget reduction and the resulting reorganization of the University, Alaskans need to be given an opportunity to financially support it. Private contributions will help establish secure endowments to support the development of program initiatives and enhancements for which the budget levels of the next few years will not allow.

FISCAL NOTE

REQUEST

Revision Date: \_\_\_\_\_  
Title: Contributions from PFDs to  
University of Alaska Foundation  
Sponsor: Sturgulewski, Fahrenkamp  
Requestor: Senate State Affairs

Agency Affected: Revenue  
BRU: Permanent Fund Dividend Operations  
Components: Permanent Fund Dividend  
Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
<u>OPERATING</u>						
PERSONAL SERVICES	-	21.2	11.2	11.2	11.2	11.2
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	11.0	11.0	11.0	11.0	11.0
SUPPLIES	-	0.2	0.2	0.2	0.2	0.2
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	32.4	22.4	22.4	22.4	22.4
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	32.4	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	22.4	22.4	22.4	22.4
<u>TOTAL</u>	-	32.4	22.4	22.4	22.4	22.4

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	3	2	2	2	2
TEMPORARY	-	-	-	-	-	-

ANALYSIS: See attached.

Prepared By: Ervin Jones  
Division: Permanent Fund Dividend Division

Phone: 465-2323  
Date: February 10, 1988

Approved by Commissioner: [Signature]  
Agency: Revenue

Date: 2/10/88

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Department of Revenue  
Permanent Fund Dividend Division  
Fiscal Note Analysis  
SB 310  
February 10, 1988

Assumptions:

- 1) The bill will take effect for the 1989 permanent fund dividend year and application. The 1988 dividend application has already been printed.
- 2) There are currently 17 bills which if signed into law, would result in some form of "check-off" on the 1989 dividend application. The Department of Revenue has no insight as to which, and how many, of these bills will become law. This fiscal note, and all related fiscal notes, is prepared on the assumption that the subject bill is the only bill of this nature which will become law. The passage of multiple bills with varying formulas (\$5, \$25, half of dividend, all or part of dividend, etc.) will inevitably have a compounding effect. Whereas there may be savings in some areas, there will be increased costs in others.
- 3) All FY89 costs of administering this law will be borne by the general fund, since no funds will be available to the trust account until October 1, 1989. Funding for administrative costs in FY90 and thereafter will be taken from the trust account as appropriated by the legislature.
- 4) The incremental cost of computer resources will result in a chargeback by the Department of Administration.
- 5) Whereas the cost of programming changes will be a one-time cost, the cost of document review, data capture, data processing chargeback, and the extra page in the dividend application will be continuing.
- 6) Contributions will only be honored to the extent of available funds. Garnishments and assignments will take precedence in the order established by statute. Contributions will then be honored in the order listed on the form schedule, which will be in the order they become law.

Program Summary:

The provision of a new contribution decision on the dividend application will cause additional administrative cost in several areas:

- a) An additional page added to each application, a schedule of contribution decisions.
- b) The computer system will need to be changed to account for the change in the program, to establish new accounting controls and to provide for the transfer of funds to the trust account (see Attachment A).

- c) Each of approximately 540,000 PFD applications will need to be visually reviewed and coded as to decision on the contribution decision. Each application will be data captured with additional attention and keystrokes expended on each positive decision.
- d) The accounting for the trust account will be performed by existing staff.

1. Positions

1 PPT Analyst/Programmer V, R21  
 @ \$4,991.72/Mo including salary  
 and benefits for 2 months = \$10.0

PCN 04-1125 would be funded for an additional two months, in accordance with Attachment A. Ongoing maintenance of new programs would be accomplished by existing staff.

1 PPT Document Processor I, R7  
 @ \$2,212.37/Mo, including salary and  
 benefits for 3 months = \$6.6

This position would assist in the manual review and coding of 540,000 applications for the new contribution decision. This position represents the equivalent of the additional time and effort.

1 PPT Data Processing Clerk I, R8,  
 @ \$2,317.81/Mo, including salary and  
 benefits for 2 months = \$4.6

This position would assist in the data capture of the additional contribution decisions. The position represents the equivalent value of the additional time and effort.

TOTAL Personal Services \$21.2

2. Other Expenditures:

a) Travel: None.

b) Contractual:

Data Processing Chargeback \$5.0  
 Add additional page to PFD  
 booklet \$6.0

c) Supplies: \$0.2

d) Equipment: Use existing equipment 0.0

TOTAL COST \$32.4

3. Funding: General Fund.

4. Section Cost Analysis: N/A.

Computations: N/A.

Economic Impact: N/A.

Impact on Local Government: N/A.

Suggested Amendments:

1. Sec. 2, line 20 is amended as follows:

"\*Sec. 2. This act takes effect January 1, 1989 [JULY 1, 1987].

Attachments: Attachment A: "Summary of DP Needs"

Department of Revenue  
Administrative Services Division  
Fiscal Note Analysis  
SB 310  
Summary of Data Processing Requirements  
February 10, 1988

Wang data entry processing	75.0 hours
Includes:	Data entry Batch lists Corrections Wang to IBM transfer
IBM Update jobs	30.0 hours
Includes:	Edits Batch listings Log sheets
DMS Online programs for lookup and changes	37.5 hours
Nightly Update of Changes	22.5 hours
Warrant Jobs	90.0 hours
Includes:	Printing warrants with different amounts. Include check stub messages. Modify warrant registers as needed for balancing. Create new program(s) for transferring accumulated contributions to the trust account, and to account for the reserve necessary due to returned and cancelled PFD warrants.
Miscellaneous	45.0 hours
Includes:	Setting up test files on IBM Systems testing Administrative functions, i.e. paper work required by Admin. DP to add files and programs to tables.
TOTAL HOURS	300.0 hours