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FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

No. 1

Bill Version: SB04

(S) Publish Date: 2/19/97

Revision Date:
Title: An act relating to fiscal management of endowment assets
of the University of Alaska
Sponsor: Senators Wilken, Sharp
Requestor:

Department Affected: University of Alaska
BRU: Systemwide
Component:

COMPONENT SERIAL NO. 1296

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTAL OPERATING	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

CAPITAL						
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REVENUE FD SOURCE						
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FUNDING: (Thousands of Dollars)						
1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
1048 University Receipts	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTAL FUNDING	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)
This bill amends the definition of "university receipts" to include receipts attributable to amounts distributed from university endowments. These distributions, which will be transferred from the endowments to the university operating accounts to be used in support of educational programs, are estimated to be approximately \$1,000.0 annually. Any excess authority will lapse at the end of each fiscal year.

Prepared by: Marylou Burton Phone: 463-3086
Division: Statewide Budget Office Date: 2/12/97
Approved by: *MB* Marylou Burton, Director
Agency: UA Statewide Budget Office Date: 2/12/97

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

No. 2
Bill Version: SB04
(S) Publish Date: 2/19/97

Revision Date: _____ Dept. Affected: Revenue
Title: Assets of the University of Alaska BRU: Revenue Operations
assets of the Univ of Alaska; Component: Treasury
Sponsor: SENATORS WILKEN, Sharp
Requestor: (S) HES COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	-9.0	-9.0	-9.0	-9.0	-9.0	-9.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-9.0	-9.0	-9.0	-9.0	-9.0	-9.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	26.0	26.0	26.0	26.0	26.0	26.0
1005 GF/Program Receipts						
1001 CBRF						
1048 University of AK receipts	-35.0	-35.0	-35.0	-35.0	-35.0	-35.0
TOTAL	-9.0	-9.0	-9.0	-9.0	-9.0	-9.0

Estimate of any current year (FY97) cost \$ 2.0 per month from effective date

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Treasury Division currently manages the University of Alaska Trust Fund. This bill would transfer the \$36.6 million (as of 12/31/96) Trust to the University for management. The division's FY98 budget reflects the Trust Fund as a funding source for a share of the personal service costs and custodial costs of the division. Treasury would still incur these costs. This fiscal note includes the transfer of these costs to general fund funding.

There is also \$9.0 in direct investment management fees and performance measurement consulting fees which are specific to the Trust Fund and will not be incurred by Treasury if the Trust Fund is transferred.

Prepared by: Betty Martin, Comptroller Phone: 465-2350
Division: Treasury Date: February 14, 1997
Approved by Commissioner: Ross Kinney, Deputy Commissioner Date: February 14, 1997
Agency: Department of Revenue

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SPONSOR STATEMENT

SB 84 – Assets of the University of Alaska

Congressional acts of 1915 and 1929 granted the Territory of Alaska approximately 113,000 acres of land. The grants were for the exclusive use and benefit of the Alaska Agricultural College and School of Mines, and its successor, the University of Alaska. All earnings from the sale, lease, or use of these lands has been deposited into a trust fund established under AS 14.40.400. As of June 30, 1996, the fund has grown to approximately \$32.6 million.

Senate Bill 84 transfers management of these funds from the Department of Revenue to the Board of Regents. The University will be able to coordinate management of the investments of these funds with management of its other endowments. This will substantially lower the cost of administration. The transfer will also maximize the fund's earnings potential and permit greater investment diversification.

SB 84 provides a technically sound transfer of control of an endowment fund from the Department of Revenue to the University of Alaska. The University has demonstrated a sound investment history in relation to the University of Alaska Foundation endowment funds. This same expertise will be extended to the Natural Resource Endowment.

James F. Lynch
Associate Vice President for Finance

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Management of UA Endowment Trust Funds

The congressional acts in 1915 and 1929 granted the Territory of Alaska approximately 113,000 acres of land for the exclusive use and benefit of the University of Alaska as the successor institution to the Agricultural College and School of Mines. All earnings from the sale, lease, and use of these lands have been deposited into a trust fund established under AS 14.40.400. From 1917 through June 30, 1996, the fund has grown to approximately \$32.6 million. Based primarily on more active management of its lands by the University, the fund has tripled in size from \$10.0 million in 1983 to the current \$32.6 million.

In accordance with the Board of Regents' policy, earnings from the trust fund are utilized to inflation-proof the principal of the fund, pay the costs associated with maintenance of the University's lands, and fund projects and programs primarily in support of Alaska's natural resources and other economic development. The intention of the land-grant trust fund is to provide a margin of support over and above that available through other funding sources.

The Department of Revenue has invested the funds with good investment results. The average rate of return for the past five years was approximately 10.1 percent. However, the Board of Regents and the president of the University believe that, with a change in investment constraints, a comparable or better return can be obtained, as they have demonstrated with their investment of the University of Alaska Foundation endowment funds. The University intends to coordinate management of the investments with that of its other endowments to lower the cost of administration of both funds, maximize the earnings potential, and lower investment risk through greater diversification.

In summary, the University is requesting the transfer of the University Endowment Trust Funds to the University of Alaska. These funds are adequately protected by law from any expenditure of principal by the University. The University has demonstrated a sound investment history in relation to the University of Alaska Foundation endowment funds, and this same enterprise will be extended to this Natural Resource Endowment.

**University of Alaska
Land Grant Trust Fund Investment Performance**

	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>Average</u>
Land Grant Trust Fund:						
Average Value (millions)	<u>\$ 17.5</u>	<u>\$ 20.8</u>	<u>\$ 26.6</u>	<u>\$ 29.3</u>	<u>\$ 32.6</u>	<u>\$ 25.4</u>
Investment Return	<u>12.9%</u>	<u>13.4%</u>	<u>0.9%</u>	<u>14.5%</u>	<u>8.6%</u>	<u>10.1%</u>
Custom Index (1)	<u>14.1%</u>	<u>13.2%</u>	<u>-0.9%</u>	<u>15.5%</u>	<u>9.0%</u>	<u>10.2%</u>
Median Portfolio (2)	<u>13.2%</u>	<u>13.3%</u>	<u>1.6%</u>	<u>16.4%</u>	<u>16.1%</u>	<u>12.1%</u>
UA Foundation	<u>15.9%</u>	<u>16.1%</u>	<u>-2.3%</u>	<u>16.4%</u>	<u>18.1%</u>	<u>12.8%</u>
Over/under UA Foundation	<u>-3.0%</u>	<u>-2.7%</u>	<u>3.2%</u>	<u>-1.9%</u>	<u>-9.5%</u>	
Excess/Shortfall (millions)	<u>\$ (0.5)</u>	<u>\$ (0.6)</u>	<u>\$ 0.9</u>	<u>\$ (0.6)</u>	<u>\$ (3.1)</u>	

(1) Custom Index @ 20% S&P / 80% Leh. G/C

(2) ICC Universe (5000 portfolios)

TONY KNOWLES, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

P.O. BOX 110400
JUNEAU, ALASKA 99811-0400
TELEPHONE: (907) 465-2300
FACSIMILE: (907) 465-2389

January 23, 1997

The Honorable Gene Therriault
Alaska State Legislature
State Capitol, Room 517
Juneau, Alaska 99801

Dear Representative Therriault:

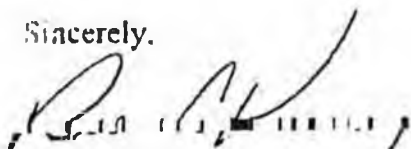
Thank you for your inquiry regarding the management of the University of Alaska Trust Fund (Trust). Transferring the asset management duties of the Trust Fund to the University of Alaska has been an issue for several years. The Department of Revenue has continually stated that we do not object to the transfer.

The Department of Revenue does have one concern. Our concern is a prolonged resolution of this issue will diminish the earning power of the Trust. Prudence dictates that the Trust must be managed conservatively to avoid incurring undue market risk pending passage of legislation that authorizes the transfer. This is necessary because increasing the allocation in the more volatile equity market would expose the Trust to potential volatility and risk of loss in the near term.

Absent quick resolution, we must conclude that this Trust will best be served by Treasury managing the assets in a way that meets the requirements of a long term trust fund.

I would be happy to discuss this matter at your convenience. You can reach me at 465-3669.

Sincerely,



Ross A. Kinney
Deputy Commissioner

cc: Wendy Redman, University of Alaska, Fairbanks

97-006

University of Alaska

1995-1996



Report to the Legislature

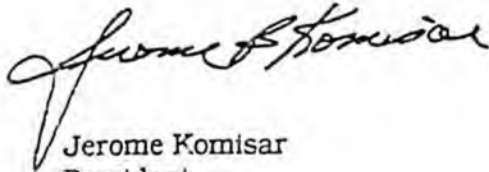
January 6, 1997

President of the Senate
and Speaker of the House of Representatives:

On behalf of the University of Alaska Board of Regents, I am submitting the University's *Report to the Legislature* for the fiscal period beginning July 1, 1995, and ending June 30, 1996.

The Board of Regents expresses appreciation to the members of the Alaska Legislature, the Governor, and the people of Alaska for their interest in and continuing support of the University of Alaska.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jerome Komisar". The signature is written in dark ink and is positioned above the printed name and title.

Jerome Komisar
President

Land Grant Trust Funds

The university is required to report annually to the legislature on funds derived from lands conveyed to the University of Alaska in settlement of the claim by the university to federal lands granted to the state by the acts of March 4, 1915, and January 21, 1929, as amended. The following statements and schedules represent this report to the legislature for the fiscal year ended June 30, 1996.

Net proceeds derived from sales, leases, exchanges, and transfer of the university's trust lands, as required by law, are deposited with the state Department of Revenue for investment in a trust fund. Investment income from the trust fund is made available quarterly to the university. The expenditure of these funds by the university is governed by regents' policy and university regulation, which provide: (1) that a portion of the annual earnings will be utilized for expenditures to manage the university's lands, (2) that a portion of the annual earnings will be set aside for separate investment in order to "inflation proof" the trust funds, and (3) that the remaining annual earnings be transferred to a Natural Resources Fund primarily for the purpose of funding programs in support of agriculture, fisheries, natural resource management and marketing, and natural resource management education.

For the fiscal year ending June 30, 1996, \$19,268 and \$645,800 net additions to endowment principal were deposited to the Land-Grant Trust Fund and the Inflation Proofing Fund respectively. Expendable earnings on the funds were \$2,657,737. Expenditures for management of university lands and for Natural Resources Fund projects were \$640,619 and \$947,512 respectively. Transfer to the inflation proofing fund was \$601,048 and transfer to the Natural Resources Fund for allocations to specific projects was \$1,402,097.

The schedule of allocated Natural Resources Fund balances represents a summary of expenditures and the allocation of transfers to this fund. This schedule is followed by brief descriptions of funded projects, organized by area of interest. A summary of the new awards made is provided in table below.

	Natural Resources Projects		Other Projects		Total	
	<u>Amount</u>	<u>Awards</u>	<u>Amount</u>	<u>Awards</u>	<u>Amount</u>	<u>Awards</u>
UAA	158,500	9	246,900	10	405,400	19
UAF	369,868	18	334,750	9	704,618	27
UAS	49,000	3	196,500	4	245,500	7
SW			238,770	8	238,770	8
Totals	<u>\$ 577,368</u>	<u>30</u>	<u>\$ 1,016,920</u>	<u>31</u>	<u>\$ 1,594,288</u>	<u>61</u>

Land-Grant Trust Funds

Balance Sheet

June 30, 1996

	<u>Designated Endowment Funds</u>		<u>Unrestricted Funds</u>	
	<u>Land-Grant Trust Fund</u>	<u>Inflation- Proofing Fund</u>	<u>Revenue Fund</u>	<u>Natural Resources Fund</u>
Assets:				
Cash and investments	\$ 31,393,371	\$ 4,093,236	—	\$ 3,250,029
Receivables (net)	3,755,850	1,815,873	—	—
Real estate	38,494,848	3,591,244	—	—
Total assets	<u>\$ 73,644,069</u>	<u>\$ 9,500,353</u>	<u>—</u>	<u>\$ 3,250,029</u>
Deposit payable	24,150	—	—	—
Fund balance	<u>73,619,919</u>	<u>9,500,353</u>	<u>—</u>	<u>3,250,029</u>
Total liabilities and fund balance	<u>\$ 73,644,069</u>	<u>\$ 9,500,353</u>	<u>—</u>	<u>\$ 3,250,029</u>

Schedule of Changes in Fund Balances

For the Year Ended June 30, 1996

	<u>Designated Endowment Funds</u>		<u>Unrestricted Funds</u>	
	<u>Land-Grant Trust Fund</u>	<u>Inflation- Proofing Fund</u>	<u>Revenue Fund</u>	<u>Natural Resources Fund</u>
Fund balance July 1, 1995	\$ 73,600,651	\$ 8,483,505	—	\$ 2,795,444
Additions to principal	19,268	645,800	—	—
Investment earnings	—	—	2,657,737	—
Expenditures:				
Land management costs	—	—	(640,619)	—
Loan reservation	—	(230,000)	(13,973)	—
Natural Resources Program	—	—	—	(947,512)
Transfers:				
Inflation-Proofing	—	601,048	(601,048)	—
Natural Resources Fund	—	—	(1,402,097)	1,402,097
Fund balance June 30, 1996	<u>\$ 73,619,919</u>	<u>\$ 9,500,353</u>	<u>—</u>	<u>\$ 3,250,029</u>

See accompanying notes to these schedules.

Land Grant Trust Funds

Notes to the Financial Schedules:

1. By Acts of Congress in 1915 and 1929, the university was granted approximately 110,000 acres of land which the territory, and later the state, of Alaska managed on behalf of the university. The university currently holds approximately 81,000 acres of these lands at no basis because fair value at the date of transfer was not determinable. In 1982 and 1988 the university was allowed to select certain state lands, including timber and other rights, as replacement for lands disposed of by the territory and the state. These replacement lands and property interests were recorded at their fair value at the date of transfer.
2. The Land-Grant Trust Fund cash and investments, totaling approximately \$31.4 million at June 30, 1996, are held in trust by the Alaska Department of Revenue and invested in pooled fixed income and domestic equity funds. The associated market value of these funds at June 30, 1996 was approximately \$34.2 million.
3. The Inflation-Proofing Fund represents reinvested earnings of the Land-Grant Trust Fund and net proceeds of nontrust land transactions designated for preservation of the long-term purchasing strength of the endowment. Its assets included investments of approximately \$3.6 million in improved and unimproved real property held for the long-term benefit of the institution's educational activities and advances to the University of Alaska Southeast for construction of housing facilities. The remainder of the principal of the Inflation-Proofing Fund and the revenue funds are invested in pooled investment funds of the Common Fund.
4. The Revenue Fund represents a depository fund for all distributable income of the Land-Grant Trust Fund, the Inflation-Proofing Fund, and the Natural Resources Fund.
5. The Natural Resources Fund represents funds designated by Board of Regents' policy to provide support for agriculture, forestry, fisheries, mineral, and other university programs.
6. Additions to the principal represent the net gains from the sale, lease, or transfer of land, materials, mineral interests, and realized gains on investments. Additions to principal are reported net of recorded basis and development costs in the subject properties. In fiscal year 1996, additions to principal for the Land-Grant Trust Fund were reduced for a change in accounting for timber sales.
7. In accordance with regents' policy, one-third of the investment earnings available for distribution after payment of land management costs and other expenses were transferred to the Inflation-Proofing Fund. The remaining earnings were transferred to the Natural Resources Fund.
8. In fiscal year 1996, \$230,000 was advanced to the University of Alaska Technology Development Corporation, Inc. (UATDC) under loan agreements approved by the Board of Regents. UATDC is a corporation formed in 1994 to license and market the university's inventions. In addition, approximately \$1.8 million was advanced to the University of Alaska Southeast (UAS) as interim financing for a student housing facility. The advance to UAS will be repaid through the issuance of revenue bonds.

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Juneau, Alaska 99801-2105


MEMORANDUM

February 8, 1997

SUBJECT: Draft bill relating to fiscal management of the assets of the University of Alaska and for related purposes -- sectional analysis. (Work Order No. 20-LS0561\A)

TO: Senator Gary Wilken
ATTN: Robert Knight

FROM: Jack Chenoweth
Legislative Counsel



The bill draft is generally based on information developed by the University of Alaska. In addition to the subject of fiscal management of University assets, the bill includes provisions relating to money and land due the University under applicable federal law.

To emphasize the relationship among provisions that relate to the same topic, I am reviewing these provisions out of numerical order.

Provisions relating to the endowment trust fund involving land granted for the support of the University of Alaska under the Act of January 21, 1929:

From the University's perspective, I understand that the revisions relating to AS 14.40.400, the management of the endowment trust fund involving the management of the land that came to the University under the Act of Congress of January 21, 1929 (conveying land for the financial support of the land grant college) are most important, so let me discuss those first.

Bill section 5: The amendment of AS 14.40.400(a) removes the Department of Revenue as the party having responsibility for the management of the assets of the endowment trust fund established from the land transferred under the Act of Congress of January 21, 1929, and substitutes the Board of Regents in that capacity, and directs that the trust fund shall held as a trust in perpetuity.

Bill section 6: This amendment to AS 14.40.400(b) affirms that the Board of Regents, not the commissioner of revenue, is the fiduciary responsible for management of the trust fund, and specifies that the board "has the same powers and duties with respect to the [trust] fund" as have been assigned by law to the Alaska State Pension Investment Board.

Senator Gary Wilken

February 8, 1997

Page 2

Bill section 7: The amendment to AS 14.40.400(c) substitutes "total return" for "net income" as the measure of the trust fund money earnings that are available for the support of the University.

Bill section 8: The amendment makes drafting changes to AS 14.40.400(d) to conform the provision to current drafting practice. No substantive change is intended.

Bill section 9 supplies definitions for the terms "fund" and "total return" used in AS 14.40.400.

Bill section 13 repeals AS 14.40.400(e), a provision made obsolete by the transfer of responsibility for the management of the assets of the endowment trust fund from the Department of Revenue to the Board of Regents.

Finally, as it relates to the principal asset of the University under the Act of January 21, 1929, **bill section 4**, amending AS 14.40.360, revises the land selection authority of the Board of Regents by deleting the reference to required deposit of receipts into the state treasury and directing that the net income be added to the principal of the endowment trust fund.

Other provisions generally addressing the custody and management of the University's assets:

Bill section 1. Under current law, responsibility for management of assets of the University of Alaska is divided between the Department of Revenue and the University. In this section, the amendment of AS 14.40.280 takes away the authority of the Department of Revenue to take any part of the assets and sets the general rule that the Board of Regents shall take title to land and other property devised, bequeathed, or given to the University.

Bill section 2: Within AS 14.40.280, two new subsections are added --

Subsection (b) directs that gifts to the University for the purpose of the endowment trust fund established in AS 14.40.400 are to be deposited into the endowment trust fund.

Subsection (c) covers the disposition of all other endowment gifts to the University. Under the amendment made in bill section 1, the Board of Regents is made responsible for the receipt and management of these gifts. This provision directs the manner of management and investment of those gifts, directing that board "has the same powers and duties with respect to the [trust] fund" as have been assigned by law to the Alaska State Pension Investment Board.

Bill section 3: This amendment to AS 14.40.290(a) deletes the current first sentence ("The University shall hold all property acquired by it") as redundant--the same point is made in

cited under which money may be paid to the state for the benefit of its land grant college, when money is paid to the state in behalf of the University, the state is to deposit the money in the treasury for subsequent disbursement to the University consistent with the appropriate provisions of law.

Bill section 10: This bill section amends the definition of "university receipts" in AS 14.40.491 to add to that definition receipts attributable to University endowments managed under AS 14.40.280 and distributions from the endowment trust fund established under AS 14.40.400 from activities involving land selected under the Act of Congress of January 21, 1929.^{1/}

Because of the various changes outlined in this bill, as a safeguard, **bill section 14** adds a transitional provision intended to avoid any impairment of outstanding rights, liabilities, or obligations affected by the changes and directs that the assets and liabilities held by the commissioner of revenue in the endowment trust fund established under AS 14.40.400 from activities involving land selected under the Act of Congress of January 21, 1929, transfer to the University of Alaska.

Provisions outside AS 14.40 relating to this subject:

AS 36.30 is the state Procurement Code. AS 36.30.850(b) enumerates instances in which the provisions of the Procurement Code do not apply. One of the exceptions concerns the exercise of investment powers by the commissioner of revenue. In **bill section 11**, since the commissioner of revenue will no longer be responsible for investment of the endowment trust fund derived from land selected under the Act of Congress of January 21, 1929, a cross-reference to AS 14.40.400 set out in the list of statutes under which the commissioner exercises investment powers is deleted.

AS 37.10.070 and the sections that follow set out general law covering investment of surplus money and prescribe the responsibilities of a fiduciary of a state fund. The change proposed by **bill section 12** modifies the list of the sections of state law to bring within the provisions of the Investment article additional provisions involving the exercise of fiduciary responsibilities by the Board of Regents. The changes including adding a reference to "AS 14.40.255," covering the University's investment of its surplus money (this section

^{1/} To appreciate the dimensions of the change in the definition of the term "university receipts," the term is used in AS 14.40.040(3)(A), in conjunction with the ability of the University to leases; in AS 14.40.170(b), enumerating powers of the Board of Regents; and in AS 14.40.210(a) and (b), concerning the authority of the president of the university. Through use of cross-references, the term also is used in AS 36.30.085(f)(2) (lease-purchasing agreements involving the University) and in AS 37.25.010(c) - (e), allowing expenditure of the unexpended balances of one-year appropriations of university receipts.

Senator Gary Wilken

February 8, 1997

Page 4

already declares within itself that the surplus must be invested as set out in AS 37.10.071, so this addition is in the nature of a cross-reference) and adding a reference to "AS 14.40.280(c)," the provision that addresses the disposition of all other endowment gifts to the University. AS 14.40.400(b) is already covered under this provision. But, as earlier noted in the summary of bill section 6, fiduciary responsibility for management of the land grant trust fund switches from the commissioner of revenue to the Board of Regents.

JBC:glc

97-078.glc

Enclosure

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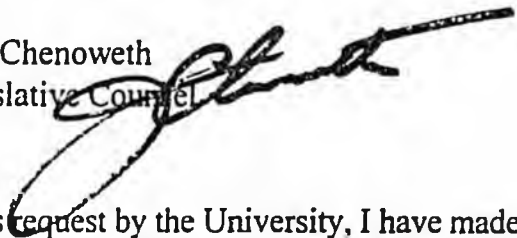
130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 11, 1997

SUBJECT: Senate Bill 84, substituted version of bill relating to fiscal management of the assets of the University of Alaska and for related purposes (Work Order No. 0-LS0561E)

TO: Senator Gary Wilken
ATTN: Robert Knight

FROM: Jack Chenoweth
Legislative Counsel 

To accommodate yesterday's request by the University, I have made a change in bill section 11, adding the material appearing in subparagraph (B). This insertion adds an exception from the Procurement Code for exercise of investment authority by the Board of Regents comparable to that already provided for exercise of investment powers by the commissioner of revenue.

That is the bill's only change from the earlier "A" version.

JBC:lmb
97-025.lmb

Enclosure

Revision Date: _____ Dept. Affected: Revenue
 Title: Assets of the University of Alaska BRU: Revenue Operations
assets of the Univ of Alaska; Component: Treasury
 Sponsor: SENATORS WILKEN, Sharp
 Requestor: (S) HES COMPONENT SERIAL NO. _____ 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	-9.0	-9.0	-9.0	-9.0	-9.0	-9.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-9.0	-9.0	-9.0	-9.0	-9.0	-9.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	26.0	26.0	26.0	26.0	26.0	26.0
1005 GF/Program Receipts						
1001 CBRF						
1048 University of AK receipts	-35.0	-35.0	-35.0	-35.0	-35.0	-35.0
TOTAL	-9.0	-9.0	-9.0	-9.0	-9.0	-9.0

Estimate of any current year (FY97) cost \$ 2.0 per month from effective date

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Treasury Division currently manages the University of Alaska Trust Fund. This bill would transfer the \$36.6 million (as of 12/31/96) Trust to the University for management. The division's FY98 budget reflects the Trust Fund as a funding source for a share of the personal service costs and custodial costs of the division. Treasury would still incur these costs. This fiscal note includes the transfer of these costs to general fund funding.

There is also \$9.0 in direct investment management fees and performance measurement consulting fees which are specific to the Trust Fund and will not be incurred by Treasury if the Trust Fund is transferred.

Prepared by: Betty Martin, Comptroller Phone: 465-2350
 Division: Treasury Date: February 14, 1997
 Approved by Commissioner: Ross Kinney, Deputy Commissioner Date: February 14, 1997
 Agency: Department of Revenue

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FISCAL NOTE

**STATE OF ALASKA
1997 LEGISLATIVE SESSION**

BILL NO. SB 84

Revision Date:
Title: **An act relating to fiscal management of endowment assets
of the University of Alaska**
Sponsor: **Senators Wilken, Sharp**
Requestor:

Department Affected: **University of Alaska**
BRU: **Systemwide**
Component:

COMPONENT SERIAL NO. 1296

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTAL OPERATING	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

CAPITAL						
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REVENUE FD SOURCE						
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FUNDING: (Thousands of Dollars)


1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
1048 University Receipts	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTAL FUNDING	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

This bill amends the definition of "university receipts" to include receipts attributable to amounts distributed from university endowments. These distributions, which will be transferred from the endowments to the university operating accounts to be used in support of educational programs, are estimated to be approximately \$1,000.0 annually. Any excess authority will lapse at the end of each fiscal year.

Prepared by: Marylou Burton Phone: 463-3086
 Division: Statewide Budget Office Date: 2/12/97
 Approved by:  Marylou Burton, Director
 Agency: UA Statewide Budget Office Date: 2/12/97

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