

**HB**

**422**

**HFIN**

**FILE**

# FISCAL NOTE

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

Fiscal Note Number \_\_\_\_\_  
Bill Version HB 422  
( ) Publish Date \_\_\_\_\_

Identifier (file name): HB422-CED-CRA-03-31-08 Dept. Affected: DCCED  
Title Children's Trust Grant for Endowment RDU Comm Asst & Ec Dev (405)  
Component Community & Regional Affairs  
Sponsor Health, Education & Social Services  
Requester Health, Education & Social Services Component Number 2879

## Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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## FUND SOURCE (Thousands of Dollars)

	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2008) cost: 00

## POSITIONS

Full-time							
Part-time							
Temporary							

## ANALYSIS: (Attach a separate page if necessary)

This legislation would require the department to prepare and execute a grant agreement with a named recipient. The purpose of the grant would be to administer six specific provisions relating to the management and use of an endowment fund to benefit community based programs and projects in the state that aid in the prevention of child abuse and neglect. These provisions would be contingent upon the appropriation of the unencumbered balance of the Alaska children's trust as a grant to a named recipient for these purposes and would be effective upon the date of the appropriation. The department assumes this would be a straight pass-through grant to a named recipient and that the division would not be required to provide any program assistance or assistance in developing the six specific grant provisions. This would be accomplished with existing resources. Any work beyond finalizing the grant and making one-time annual grant agreements to the named recipient would require resources.

Prepared by Tara Jollie, Director  
Division Community and Regional Affairs  
Approved by Emil R. Notti, Commissioner  
Agency Commerce, Community, and Economic Development

Phone 907 269 7959  
Date/Time 3/31/08 12:41 PM  
Date 3/31/2008

# FISCAL NOTE

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1  
 Bill Version: HB 422  
 (H) Publish Date: 3/31/08  
 Dept. Affected: Health & Social Services  
 RDU: Children's Services  
 Component: Children's Trust Programs

ID (File name) HB422-DHSS-CTP-03-28-08  
 Title: CHILDREN'S TRUST GRANT FOR ENDOWMENT  
 Sponsor: HOUSE HES  
 Requester: HOUSE HES

Component No. 2251

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation		Information					
	Required		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel	( 13.2)	13.2	( 13.2)	( 13.2)	( 13.2)	( 13.2)	( 13.2)	( 13.2)
Contractual	( 790.0)	790.0	( 790.0)	( 790.0)	( 790.0)	( 790.0)	( 790.0)	( 790.0)
Supplies	( 1.5)	1.5	( 1.5)	( 1.5)	( 1.5)	( 1.5)	( 1.5)	( 1.5)
Equipment								
Land & Structures								
Grants & Claims	( 415.0)	415.0	( 415.0)	( 415.0)	( 415.0)	( 415.0)	( 415.0)	( 415.0)
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>( 1,219.7)</b>	<b>1,219.7</b>	<b>( 1,219.7)</b>	<b>( 1,219.7)</b>	<b>( 1,219.7)</b>	<b>( 1,219.7)</b>	<b>( 1,219.7)</b>	<b>( 1,219.7)</b>
<b>CAPITAL EXPENDITURES</b>								
<b>CHANGE IN REVENUES (0)</b>								

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	( 630.0)	630.0	( 630.0)	( 630.0)	( 630.0)	( 630.0)	( 630.0)
1003 GF Match							
1004 GF							
1037 GF/Mental Health							
Other(Interagency Receipts 1006)	( 40.0)	40.0	( 40.0)	( 40.0)	( 40.0)	( 40.0)	( 40.0)
Other(1098 & 1099-see * below)	( 549.7)	549.7	( 549.7)	( 549.7)	( 549.7)	( 549.7)	( 549.7)
<b>TOTAL</b>	<b>( 1,219.7)</b>	<b>1,219.7</b>	<b>( 1,219.7)</b>	<b>( 1,219.7)</b>	<b>( 1,219.7)</b>	<b>( 1,219.7)</b>	<b>( 1,219.7)</b>

Estimate of any current year (FY2008) cost: \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time	- 1	1	- 1	- 1	- 1	- 1	- 1
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

\* NOTE: Due to limited space, the fund source information located in the bottom "Other" line is a combination of fund 1098, Children's Trust Earnings -399.7 and 1099, Children's Trust Principal -150.0 for a total of -549.7.

This bill repeals the Alaska Statutes pertaining to the Alaska Children's Trust and transfers the unencumbered balance of the funds to a named recipient organized for charitable purposes to hold in trust for child abuse and neglect prevention activities and programs.

Unusable federal and interagency receipt authority will be deleted as well as the one position associated with the Alaska Children's Trust component. (Continued on Page 2)

Prepared by: Tammy Sandoval, Director  
 Division: Office of Children's Services  
 Approved by: Karleen Jackson, Commissioner  
 Agency: Department of Health and Social Services

Phone: 269-3410  
 Date/Time: 03/28/2008  
 Date: 03/28/2008

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

This bill does not address the remaining federal funds granted by the Department of Justice, Office of Juvenile Justice for the project titled Child Abuse Prevention Project. These funds have been used mainly to purchase educational advertising regarding child abuse prevention and have been managed through the trust. The current balance of the grant is \$265.6 and the grant is scheduled to expire Sept. 30, 2008.

SW

25-LS1552/E.1  
Kurtz/Mischel  
4/4/08

AMENDMENT 1

OFFERED IN THE HOUSE  
TO: HB 422

By: Rep. Meyer  
by Request

- 1 Page 3, lines 6 - 7:
- 2 Delete "Department of Commerce, Community, and Economic Development"
- 3 Insert "Department of Health and Social Services"
- 4
- 5 Page 3, line 7, following "recipient":
- 6 Insert ", to be administered by the Department of Commerce, Community, and
- 7 Economic Development,"
- 8
- 9 Page 3, line 19, following "revenue":
- 10 Insert ", the commissioner of commerce, community, and economic development,"



Health, Education, and Social Services Committee  
Alaska State Legislature  
House of Representatives  
Representative Peggy Wilson - Chair

**SPONSOR STATEMENT**

**House Bill 422**

**"An act repealing the Alaska Children's Trust; establishing conditions for a grant of the balance of the Alaska Children's Trust; designating certain receipts as available for grants to the recipient of the amount representing the assets of the Alaska Children's Trust; and providing for an effective date."**

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The Alaska Children's Trust (ACT) was established in 1988 with the goal of improving the status of children in Alaska by generating funds and committing resources to eliminate child abuse and neglect. The initial legislative appropriation was made in 1996 for \$6 million. Today, the Alaska Children's Trust totals nearly \$12 million. The Alaska Children's Trust Board is established in the Office of the Governor, and receives grants and contract support from the Department of Health and Human Services. Seven trustees, appointed by the Governor oversee the fiduciary and grant-making functions of the Alaska Children's Trust. A portion of the interest from the earnings of the Trust funds grants to community-based prevention programs and services. The dollars available for annual grant making are limited to a maximum amount by state statute.

The Trustees of the Alaska Children's Trust (ACT) and the Board of Directors of the Friends of the Alaska Children's Trust (FACT), the 501(c)(3) non-profit organization established to raise funds and advocate for the mission of the Alaska Children's Trust, have engaged in activities to assess the effectiveness of the Trust in accomplishing its mission and to plan for the future of the Trust including how FACT can help to accomplish that mission. These activities included strategic planning, research on the structure of children's trusts in other states, and an organizational assessment completed by The Giving Practice (Philanthropy Northwest). The ACT and FACT boards have determined that:

- Under the current structure, FACT is unable to accomplish its primary purposes, which are to raise funds and advocate for the Alaska Children's Trust. Donors do not want to make contributions to the State, FACT is not able to guarantee donor intent is honored, and FACT Directors are not willing to raise money that may or may not be used as donors intend.
- Unless significant changes are made, the current administrative structure of the Trust within the State does not allow for reliable, stable budget funding for grant-making.
- Given the Trust's small operating budget and the size of the grant awards, many community-based organizations that are well poised to offer community-based solutions are unlikely to apply because of the administrative burden relative to the small size of grant awards.

## Testimony for House Bill 422 for Finance Committee

My name is Kaye Kanne and I am a Certified Direct-Entry Midwife and the Executive Director of the Juneau Family Birth Center. I am testifying in support of the decision of the trustees that the Alaska Children's Trust be privatized. It is the belief that the mission of the Trust to prevent the abuse of Alaska's children would more effectively and efficiently be carried through a private entity, and that the Trust will be more successful in attracting new private donations as a non-governmental entity.

I understand that the House version of this bill will not only preserve the assets of the Trust to support programs that address child abuse awareness and prevention, but retains state influence through the Governors appointment of a majority of board members and preserves the present revenue sources of license plates and birth and death certificate for the trust.

The Alaska Children's Trust is a valuable funding organization trying to meet a crucial need in Alaska to provide funding for organizations that work to prevent child abuse and neglect. I fully support their mission and wish to see a more streamlined and simplified administrative structure would greatly enhance the Trust's ability to pursue its mission efficiently and effectively. This legislation will help them achieve that goal.

The **Strength in Families Program**, a program of the Juneau Family Birth Center, is a prevention and support program designed to positively influence families, parents, and children before child abuse or neglect occurs. This program is generously funded by the Alaska Children's Trust and has been designed to serve all families -- but especially families who are at-risk and under-served -- and exists as a program within the context of a community family center, birth center, and clinic. The program utilizes education, support, and health care from a team of providers including a physician, midwives, doulas, and educators. Without the support of the Alaska Children's Trust we would not be able to offer this valuable program.

Kaye Kanne, CDM  
P.O. Box 22256  
Juneau, Alaska 99802  
(h) 907-586-0184  
(c) 907-321-0184

## ALASKA CHILDREN'S TRUST



Kids. You gotta love 'em!

April 4, 2008

Representative Kevin Meyer  
 Alaska State Legislature  
 State Capitol, Room 515  
 Juneau, AK 99801-1182

Dear Representative Meyer:

Please accept this letter as an indication of our support for **HB 422, CHILDREN'S TRUST GRANT FOR ENDOWMENT**. As trustees for the Alaska Children's Trust (ACT), it is our belief that transitioning management of the ACT fund into an endowment model capitalizes on best practices in the endowment world, and will result in greater performance and growth of the ACT fund over time.

The Alaska Children's Trust, was founded in 1988 and now maintains a stewardship of nearly \$12 million. ACT awards grants to community-based child abuse prevention programs in the state of Alaska and collaborates with national and statewide organizations to identify and promote prevention strategies with proven effectiveness.

- Funding is focused on programs which promote healthy parenting skills and strengthen families.
- The ACT created the Alaska Parent Line, 1-800-643-KIDS, to provide a way for parents to seek help if they need it.
- Through its funding practices, media messages and collaborations, the ACT is helping to reframe the discussion around child abuse and neglect from one which focuses on deficits and fear to one which promotes family strengths and resiliency. This effort will better serve to engage the community as a whole and reach more families with prevention strategies long before the risk of abuse occurs.

We truly appreciate your support for our ongoing efforts to eliminate child abuse and neglect in the State of Alaska. Please feel free to contact the ACT's Executive Director, Pam Lucier to answer any questions about the activities of the Children's Trust. She can be reached at 907-248-7676.

Sincerely,

Kaye Saxon  
 Chair

ALASKA CHILDREN'S TRUST  
BOARD OF TRUSTEES

- ◆ Kaye Saxon, Chair
- ◆ Karleen Jackson  
Commissioner, Health &  
Social Services
- ◆ Barbara Thompson,  
Commissioner  
Education & Early  
Development
- ◆ Diane Kaplan
- ◆ Manguerita Maassen-  
Gilbertson
- ◆ Margaret Volz

## EXECUTIVE DIRECTOR

- ◆ Pam Lucier

THE ALASKA PARENT LINE:  
 1-800-643-KIDS (5437)

P.O. Box 92155 • Anchorage, Alaska 99509-2155 • 248-7676

*Building community support to eliminate child abuse and neglect in Alaska*



Health, Education, and Social Services Committee  
Alaska State Legislature  
House of Representatives  
Representative Peggy Wilson - Chair

**SPONSOR STATEMENT**

**House Bill 422**

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The Trustees of the Alaska Children's Trust (ACT) and the Board of Directors of the Friends of the Alaska Children's Trust (FACT), the 501(c)(3) non-profit organization established to raise funds and advocate for the mission of the Alaska Children's Trust, have engaged in activities to assess the effectiveness of the Trust in accomplishing its mission and to plan for the future of the Trust including how FACT can help to accomplish that mission. These activities included strategic planning, research on the structure of children's trusts in other states, and an organizational assessment completed by The Giving Practice (Philanthropy Northwest). The ACT and FACT boards have determined that:

- Under the current structure, FACT is unable to accomplish its primary purposes, which are to raise funds and advocate for the Alaska Children's Trust. Donors do not want to make contributions to the State, FACT is not able to guarantee donor intent is honored, and FACT Directors are not willing to raise money that may or may not be used as donors intend.
- Unless significant changes are made, the current administrative structure of the Trust within the State does not allow for reliable, stable budget funding for grant-making.
- Given the Trust's small operating budget and the size of the grant awards, many community-based organizations that are well poised to offer community-based solutions are unlikely to apply because of the administrative burden relative to the small size of grant awards.



Health, Education, and Social Services Committee  
Alaska State Legislature  
House of Representatives  
Representative Peggy Wilson - Chair

- Current Trust statute does not allow donations to the ACT to be used for programming. Therefore, federal, or any other potential programming donations must currently be funneled either through the state government or to FACT, complicating the ACT board's ability to properly exercise its responsibilities or easily influence the use of funds.
- While the Trust greatly benefits from gubernatorial appointment of trustees, it would also benefit from expanding the size of the board. A combination of gubernatorial appointees and self-appointed board members would ensure both the adequate oversight of the public dollars and individuals who are able to actively engage in promoting the mission of the organization.

The legal opinion from the Legislative Affairs Agency for the State of Alaska, stated, "Privatizing the fund would require a repeal of the fund and some transfer provision for the existing principal."

HB 422 would formulate legislation that would preserve the present revenue sources of license plates and birth and marriage certificates for the trust and allow for State oversight of the funds through a Governor-appointed board. The current governance structure of the Trust will remain intact with the Governor of Alaska continuing to appoint a majority of trustees and the Commissioners of the Departments of Health and Social Services and Education and Early Development remain ex-officio, voting members of the Trust. Furthermore, through privatization, the mission of the Trust to prevent the abuse of Alaska's children would more effectively and efficiently be carried through a private entity, and the Trust will be more successful in attracting new private donations as a non-governmental entity.

HB 422 would allow the legislature to use the annual estimated balance of the account maintained by the commissioner of administration to make a named recipient grant to the Alaska Community Foundation to be governed by the gubernatorially appointed ACT board. Under the Alaska Community Foundation, the ACT will have greater flexibility to create a more streamlined and simplified administrative structure that would greatly enhance the Trust's ability to pursue its mission efficiently and effectively.

The Trustees of the Alaska Children's Trust, with the support of the Friends of the Alaska Children's Trust have recommended to the Governor and the Alaska Legislature that the Alaska Children's Trust be privatized.