

HB

422



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."

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.



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- 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.

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 422
 () Publish Date: _____
 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
OPERATING EXPENDITURES								
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								
TOTAL OPERATING	(1,219.7)	1,219.7	(1,219.7)	(1,219.7)	(1,219.7)	(1,219.7)	(1,219.7)	(1,219.7)
CAPITAL EXPENDITURES								
CHANGE IN REVENUES (0)								

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)
TOTAL	(1,219.7)	1,219.7	(1,219.7)	(1,219.7)	(1,219.7)	(1,219.7)	(1,219.7)

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)

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 Approved by: Karleen Jackson, Commissioner
 Agency Department of Health and Social Services

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

FISCAL NOTE

BILL NO: HB 422

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.