SB

206

Alaska State Legislature

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Senator Bettye Davis

CS for Senate Bill 206( ), 25-LS1198\E

"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 Alaska Community Foundation; and providing for an effective date."

SPONSOR STATEMENT

The Alaska Children's Trust is one of 52 trusts in the United States created by state statute, territory, or District of Columbia to prevent child abuse and neglect. ACT is the second largest endowment, at about $12 million. Over 40 of the Trusts have no endowment at all but are dependent upon annual state allocation and dedicated funding streams, federal monies and private funding. Like many states, ACT receives funds from special request children's trust license plates, receipts for birth certificates suitable for display, and heirloom certificates of marriage. Twenty-eight states also receive federal CB-CAP (Community-Based Child Abuse Prevention Programs) funds. These funds are based on child population and Child Abuse and Neglect reports. Alaska's annual allotment is about $235,000 and is matched at 20% by the Office of Children's Services and distributed to "Tribes." OCS grantees in 2007 receiving CBCAP funds served 356 families.

SB 206 was introduced to privatize the Alaska Children's Trust (ACT) in response to concerns by the Board of Trustees of ACT that the state has not provided consistent staffing; that investment policies did not produce desired results to increase grant-making; that administration produced a lack of small grassroots grant applicants; that the Trust would be subject to the vagaries and whims of changing political leadership; and realization that tension between treatment and prevention is inescapable with a state setting, where the Trust is focused on prevention. As a result the Board commissioned The Giving Practice, a consulting service of Philanthropy Northwest of Seattle, to provide an independent report with various ways to solve persistent problems. The lengthy report of March 17, 2006 discussed the pros and cons of the following options:

1. Eliminate the Trust activities and turn funds over to state
2. Stay with the state – but with negotiate operational and state changes

3. Donor-advised fund with Alaska Community Foundation
4. Use the Foraker Group as Fiscal/Operational Sponsor
5. Merge with Friends of Alaska Children's Trust
6. Become a new independent 501(c)(3) public charity

The Board voted to privatize the trust, i.e., have a donor-advised fund with the Alaska Community Foundation. The result is SB 206. Although the consultants' report pointed out that Alaska Community Foundation and Friends of Alaska Community Trust may offer little more than a shell structure with limited organizational capacity and more administrative and fund management expenses, the Board felt a substantial change was needed.

The 2006 consultants' report confirmed a number of concerns of the Board including:

1) Inconsistent staffing that changed over time (from full-time dedicated staff to part-time staff) and moved from department to department and individual to individual.
2) Concern about how changes in the administration might influence how strongly the Trust's work was supported by the State.
3) A desire to achieve different investment goals than had been followed up to present.
4) Lack of ability to reach small, grassroots organizations with grant support due to a cut back in Trust staffing and the required use of the State's long and complex grant application form.
5) Difficulties experienced by Friends of the Alaska Children's Trust (FACT), a separate 501(c)(3) organization, in raising funds from donors who wished to support specific programs (such as dollars to increase grants to parenting education programs) vs. adding to the Trust's corpus held by the State, which was the only current option.
6) Inability of ACT Board to exercise it responsibilities in using almost $1,000,000 in federal funds appropriated to the ACT over a two-year period. Current ACT statute does not allow donations to ACT to be used for programming. Such funds, therefore, must be currently be funneled through state government or to Friends of the Alaska Children's Trust.
7) The limited dollars available for annual grant-making (currently the portion of interest income from the Trust, released by the Department of Revenue, minus selected administrative expenses, is relatively small – about $348,000 – and limited by statute to a maximum amount. The Board felt this impaired the Trust's ability to leverage its small annual budget to assist efforts in the state to prevent child abuse and neglect.
8) The Board felt that while current staffing by an employee of Office of Children's Services was useful in the flow of information, it unavoidably tended to change the goal and priority of ACT from prevention to treatment of those children already suffering from abuse and neglect.

Although Alaska statute allows for the appropriation of up to $150,000 from the principal of the ACT annually for operating expenses, it has not been the practice of the Trust. ACT income available for spending in 2004 was $342,689, and $364,412 in 2005 per page 14 of the 3/17/06 consulting report. Page 15 of the report was more telling in showing surpluses of unspent grant money available in those years of $42,111 and $82,305 respectively. This seeming anomaly may be explained by the dramatic drop in Administrative expenses from $117,900 in 2002 to $85,900 in 2003 to $9,500 in 2004 to $31,300 in 2005. This indicates that staffing became part-time during this period while inadequate disbursements resulted in surpluses. Contrary to the Board's initial contention, the report found actual management expenses charged by the Department of Revenue remained consistently low, at about $35,000 or 3/10 of 1% of the

$12 million corpus. Management fees for Alaska Community Foundation were estimated at .84 of 1%, more than twice as much. But it is anticipated the benefits may offset the costs.

In summary, the Board of ACT has concluded that something needs to be done to improve the performance ACT to help accomplish its mission of prevention of abuse and neglect of children. In moving from department to department, employees of ACT have not had the benefit of institutional memory in managing this large endowment. The Department of Revenue, while it charges very little for its services, considers the investment of the corpus of ACT a very small part of its operation, not requiring a great deal of its attention. Privatizing ACT through SB 206 is a viable and perhaps preferred option unless, as suggested by the consulting group, the state can satisfactorily address the Board's concerns without change in structure.

25-LS1198\E
Mischel
2/28/08

CS FOR SENATE BILL NO. 206( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR DAVIS

A BILL

FOR AN ACT ENTITLED

"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 Alaska Community Foundation; and providing for an effective date."

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

* **Section 1.** AS 18.50.225(d) is amended to read:

(d) The legislature may use the annual estimated balance of the account maintained by the commissioner of administration under AS 37.05.142 to make an appropriation **<u>for a grant to a named recipient under AS 37.05.316 to the Alaska Community Foundation to hold in trust for child abuse and neglect treatment and prevention activities and programs</u>** [TO THE ALASKA CHILDREN'S TRUST ESTABLISHED UNDER AS 37.14.200].

* **Sec. 2.** AS 18.50.272(e) is amended to read:

(e) The legislature may use the annual estimated balance of the account maintained by the commissioner of administration under AS 37.05.142 for the fees paid for heirloom certificates of marriage under (b) of this section to make an appropriation **for a grant to a named recipient under AS 37.05.316 to the Alaska Community Foundation to hold in trust for child abuse and neglect treatment and prevention activities and programs** [TO THE ALASKA CHILDREN'S TRUST ESTABLISHED UNDER AS 37.14.200].

* **Sec. 3.** AS 28.10.181(t) is amended to read:

(t) Special request Alaska children's trust plates. Upon application by the owner of a motor vehicle, the department may design and issue registration plates representing the Alaska children's trust [UNDER AS 37.14.200]. The department may disapprove the issuance of registration plates under this subsection when the requested plates are a duplication of an existing registration.

* **Sec. 4.** AS 28.10.421(d)(14) is amended to read:

(14) special request Alaska children's trust plates $100

plus the fee required for that vehicle under (b), (c), (h), or (i) of this section; the fee required by this paragraph shall be collected only on the first issuance and the replacement of special request plates; the commissioner of administration shall separately account for the fees received under this paragraph that the department deposits in the general fund; notwithstanding (g) of this section, the annual estimated balance in the account that is in excess of the cost of issuing special request plates may be appropriated by the legislature **as a grant to a named recipient under AS 37.05.316 to the Alaska Community Foundation for deposit** into the principal of the Alaska children's trust [UNDER AS 37.14.200];

* **Sec. 5.** AS 37.05.146(c)(20) is repealed and reenacted to read:

(20) receipts for birth certificates suitable for display (AS 18.50.225), heirloom certificates of marriage (AS 18.50.272), and special request Alaska children's trust plates (AS 28.10.421(d)(14));

* **Sec. 6.** AS 37.14.200, 37.14.210, 37.14.220, 37.14.225, 37.14.230, 37.14.240, 37.14.250, 37.14.260, and 37.14.270 are repealed.

* **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to read:

NAMED RECIPIENT GRANT OF ALASKA CHILDREN'S TRUST. Before a grant to a named recipient is awarded that transfers the balance of the Alaska children's trust, the Department of Commerce, Community, and Economic Development shall prepare and execute an agreement with the named recipient that describes grant conditions that, in addition to usual and customary provisions, include the following:

(1) the grantee shall agree to act as the custodian and trustee of the grant funds;

(2) the grant funds shall be managed as an endowment fund;

(3) the endowment trust shall be administered for the benefit of community-based programs and projects in the state that aid in the prevention of child abuse and neglect;

(4) the grantee shall consult with an advisory group consisting of the commissioner of health and social services, the commissioner of education and early development, and seven public representatives appointed by the governor;

(5) the grantee shall annually report the conditions and investment performance of the grant funds to the commissioner of revenue and the board; and

(6) if the grantee materially breaches a condition of the grant agreement set out in this section, the balance of the grant reverts to the state.

* **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONTINGENT EFFECT. This Act is contingent on passage by the Second Regular Session of the Twenty-Fifth Alaska State Legislature and enactment into law of a bill appropriating an amount equal to the unencumbered balance of the Alaska children's trust, established under AS 37.14.200, as a grant to a named recipient for community-based programs and projects in the state that aid in the prevention of child abuse and neglect.

* **Sec. 9.** If, under sec. 8 of this Act, this Act takes effect, it takes effect on the effective date of the appropriation described in sec. 8 of this Act.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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M E M O R A N D U M February 27, 2008

SUBJECT: Alaska Children's Trust Repeal (CS SB 206( );
Work Order No. 25-LS1198\E)

TO: Senator Bettye Davis
Attn: Tom Obermeyer

FROM: Jean M. Mischel
Legislative Counsel

I have enclosed another draft of the above referenced bill based on the most recent request you transmitted from Jim Baldwin. As I have explained in multiple telephone conversations and in a November memorandum to you on this subject, I have serious doubts about the legality of transferring public funds, collected from license fees and other means, to a private and named group in substantive law. In addition to the public trust doctrine and the potential of having misled original donors and fee payors, this approach also appears to me to violate the constitutional prohibition on special and local legislation.

I have retained the license fee collection for the "Alaska Children's Trust" as requested but point out the obvious, which is that this bill repeals that trust. You may want instead to maintain the trust fund and authorize an appropriation from that fund to a named recipient grantee as provided for in a previous draft of this bill.

You have also asked a series of "rhetorical" questions, including whether and how the state would continue to exercise control over the privately managed trust funds. Those questions are best directed to the requestors of this legislation.

If I may be of further assistance, please advise.

JMM:med
08-137.med

Enclosure

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB 206
() Publish Date:

ID(File name) SB206-DHSS-CTP-03-13-08
Title REPEALING THE ALASKA CHILDREN'S TRUST

Dept. Affected: Health & Social Services
RDU Children's Services
Component Children's Trust Programs

Sponsor DAVIS
Requester SENATE HES

Component No. 2251

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2009**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**
Personal Services							
Travel	(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)
Supplies	(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)
Miscellaneous							
TOTAL OPERATING	**(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)	(40.0)	40.0	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)
Other 1098 & 1099 - see note 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 transitions the unencumbered balance of the funds into the general fund. 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
Phone 465-3191
Date/Time 01/23/2008

Approved by: Karleen Jackson, Commissioner
Agency Department of Health and Social Services
Date 03/13/2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO: SB 206

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.

THE giving PRACTICE
A CONSULTING SERVICE OF
PHILANTHROPY NORTHWEST

The Alaska Children's Trust: Options for the Future

A Report Prepared by The Giving Practice
March 17, 2006
Presented to the Trust March 21, 2006 and Finalized With Input From Interviewees April 25, 2006.

Julia Kittross & Claire Bishop
The Giving Practice
A Consulting Service of Philanthropy Northwest

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BACKGROUND AND SCOPE OF WORK

The Giving Practice was contacted in March 2005 seeking input about possibly providing consulting services to The Alaska Children's Trust to research other possible organizational structures and comparing them against the Trust's current operations.

The Trustees of the Alaska Children's Trust were experiencing increasing frustration and concern that they were unable to meet the responsibilities of their office and, as a consequence, meeting the Trust's mission in an efficient way. Their concerns seemed to center around several issues:

1. Inconsistent staffing that changed over time (from full-time dedicated staff to part-time staff) and moved from department to department and individual to individual.
2. Concern about how changes in the administration might influence how strongly the Trust's work was supported by the State.
3. A desire to achieve different investment goals than had been followed up to present.
4. Lack of ability to reach small, grassroots organizations with grant support due to a cut back in Trust staffing and the required use of the State's long and complex grant application form.
5. Difficulties experienced by Friends of the Alaska Children's Trust (FACT), a separate 501(c)(3) organization, in raising funds from donors who wished to support specific programs (such as dollars to increase grants to parenting education programs) vs. adding to the Trust's corpus held by the State, which is the only current option.
6. Recently received federal dollars appropriated to the Alaska Children's Trust's totaling almost $1,000,000 over the past two years, that require constant staff oversight (not only sporadic volunteer management) to ensure good use of the funds. Current Trust statute does not allow donations to the Alaska Children's Trust to be used for programming. Therefore, federal, or any other potential programming donations must currently be funneled either through state government or to FACT, complicating the ACT board's ability to properly exercise its responsibilities or easily influence the use of funds.
7. The limited dollars available for annual grantmaking (currently the portion of interest income from the Trust, released by the Department of Revenue, minus selected administrative expenses) is small – just $348,000 – and by statute limited to a maximum amount. This hamstrings the Trust's ability to best leverage its small annual budget to assist efforts in the state to actually prevent child abuse and neglect.

8. ACT is currently staffed by an employee of the state's Department of Health and Social Services, Office of Children's Services. This offers both pluses and minuses to the Trust's operations. It's a plus because it offers the potential for good information flow to ACT's board about the status of children in the State, and a minus, because the State's responsibility is to provide *services to children already suffering from child abuse and neglect.* The Trust's purpose, to *prevent such activity*, by necessity, takes a lower priority within the State. This tension between treatment and prevention adds to the lack of consistent and an adequate level of staffing.

In February 2006, The Giving Practice was asked to submit a response to an invitation from the State to provide the following services:

- Research current Trust activities and documents
- Survey other Children's Trusts' practices
- Interview Trustees, grantees, state officials
- Interview and analyze the capacity of potential "host" organizations (e.g., Friends of Alaska Children's Trust, The Foraker Group, Alaska Community Foundation, Resource Center for Parents and Children)
- Analyze possibility of altering State's support and investment practices of the Trust to meet Trustees' desired outcomes
- Provide a "pro/con" statement for variously identified structural and operational options
- Make a recommendation based on information available within the short time frame available for the scope of work
- Write a report including this information and present it to the Trust at a March meeting

After negotiation with Claudia Shanley, DHSS-OCS and Margo McCabe, Trust Chair, it was agreed that Julia Kittross and Claire Bishop of The Giving Practice would add to the original scope's eight interviews to include all ACT Trustees, a sampling of grantees, and some additional state employees. Travel costs to conduct in-person interviews, February 8-10, 2006, were directly covered by DHSS. A very tight deadline of March 17 was set, which, the client realized, would limit some of the input desired, but would allow the Trust to consider options that might include a statute change during the 2006 legislative session.

CURRENT ACTIVITIES

This report section examines past and current activities of the Alaska Children's Trust from the perspective of a variety of people interviewed, including current and former trustees; staff from the State of Alaska Department of Health and Social Services, including staff from Office of Children's Services; Alaska Department of Education and Early Learning; Alaska Department of Revenue; Alaska Community Foundation; Friends of Alaska Children's Trust and other community leaders. These individuals were asked a series of questions (see appendices) regarding their opinion of the operations of the Trust including: grantmaking process and results, social marketing campaign, trustee involvement, financial management and recommendations for future operations. Also included in this section is information related to the statute that gave life to the Alaska Children's Trust.

It is our impression from interviews that ACT functioned very differently during the first six years of its existence. During that period, in addition to having more money available to distribute due to higher investment returns, the Trust also had strong and consistent staff support, strong support and interest from the Governor's Office, a collaborative and steady supporter in the DHSS Commissioner's spot and a visionary Board of Trustees.

Following that period, a new Governor, as well as a change in the leadership of DHSS, the departure of the ACT staff person, and less funding available for their work, resulted in a radical change in how the Trust functioned. Further, our interviewees reported that some Trustees felt compelled to resign because their vision for the Trust was not the same as that espoused by the (now former) DHSS Commissioner. It is the second period of ACT's organizational development upon which we've focused our review. It is a period of time characterized by insufficient and inconsistent staffing, lack of a permanent departmental home, the subsuming of grantmaking processes into the State's procedures and a shift in Trustee focus to one of survival, all of which lead to the marginalization of ACT within state government.

To lend a more hopeful note to this appraisal, we also noted the winds of change blowing as evidenced by Trustees testing the DOR investment policies against their interest in having more funds available for addressing prevention of child abuse and neglect, the increased attention paid by DHSS in providing capable and knowledgeable staff, and the Trustees' exploration of other more autonomous operating structures for the Trust.

Grantmaking – What the Statute Says

The statute creating the ACT gives explicit instruction concerning the Trust's role in supporting child abuse prevention activities. These instructions include:

- Award grants from the net income of the fund to community-based programs and projects that the Trust finds will aid in the prevention of child abuse and neglect;
- Child abuse prevention includes primary prevention: educational or training programs intended to raise awareness of and change attitudes concerning child abuse and neglect and its prevention; and secondary prevention: services intended to reach high risk groups and to prevent the occurrence or recurrence of child abuse and neglect;
- Monitor approved programs and projects for compliance;
- Approve written findings on the program or project that include a consideration of the means of measuring the effectiveness of the program or project, prior to funding.

The statute goes on to offer specific guidance in terms of the grant application process, including:

- Applicant must submit a detailed proposal in a form prescribed by the Trust;
- The proposal must help prevent child abuse and neglect, contain a plan for implementation that includes financial feasibility and project effectiveness;
- The applicant must demonstrate sufficient technical expertise and identify how the project will be sustained on a ongoing basis;

And, the statute also covers how grant payments will be structured:

1. No single grant made for a 12-month period will exceed $50,000 (revised in 2005 to eliminate the ceiling);
2. The Trust may not provide more than 75% of the program cost during each of the two first years for which the program receives funding, 50% during each of the third and fourth years, and 25% during each year thereafter.
3. Grant recipients may use no more than 10% of the grant for administration of the project or program.

These instructions along with others added over time by the Trust and staff, are currently embodied 50-page Request for Proposals (RFP) released once annually. The RFP is distributed to past grantees as well as other organizations receiving funding from state programs. The grantmaking process unfolds over a six-month period beginning in early January and concluding with grant awards in late June.

Grantmaking – Current Practice

Grants	2004	2005
Total Amount Authorized for Grantmaking	$342,689	$364,412
Amount Expended	$287,800	$217,300
Percent Primary Prevention	49%	51%
Percent Secondary Prevention	51%	49%
Number of Grants Made	16	16
Number of New Grantee Organizations	N/A	-0-
Average Grant Size	$13,582	$14,050

Grantmaking – Interview & Past Grantee Feedback

All interviewees were asked about their perceptions and experiences with ACT grantmaking. Not everyone had firsthand experience, but all respondents had something to contribute about the grantmaking process. While respondents were complimentary of the hard work and dedication of the ACT Trustees during the grantmaking process, many people were critical of the process itself. Comments heard most frequently include:

- The application form is long, complex and hard to figure out.
- There is no technical assistance regarding how to complete the form available to applicants.
- Inconsistent staffing, and at times no staffing, assigned to ACT has made it difficult to get information.
- The process seems to favor large organizations that receive funding from other state programs. ACT funding is duplicative or difficult to differentiate from other state funding efforts.
- Funding decisions do not seem to be tied to a strategic plan or reflect a true understanding of how to most effectively prevent child abuse and neglect. As a consequence, it's not evident that ACT is making much of an impact on the problem.
- State officials serving on the ACT Board do not regularly participate nor regularly contribute information that could inform the grantmaking focus as well as decision-making.
- Grants results are not evaluated and the consequent information used to inform future grantmaking or program development.
- Grants are provided in a manner to encourage sustainability from other funding sources, but merely reducing the grant amount each year doesn't help grantees increase their success with other funding sources.

- There's a sense that few, if any, on the ACT board have expertise in child abuse and neglect prevention, or have approached grantees for information to educate themselves.

In addition to the comments received from interviewees, we also conducted a brief survey of grantees from the past three years to gather their feedback. Out of 17 grantees with e-mail addresses, five returned the survey within the necessary short timeframe – a 29% response rate. Comments received from grantees related to ACT's grantmaking are:

- 4 recipients stated that their ACT grant made up 5% or less of their operating budget; 1 said 6%-10%.
- 1 indicated that they received funding from the State of Alaska for the same project.
- None saw there was any difference between receiving an ACT grant or a State grant.
- Comments included an appreciation of ACT's concentration on prevention; two comments contradicted each other regarding clear guidelines and expectations, with 1 stating the State's were better, the other that the Trust's were.
- 2 stated that the application process was "easy and understandable"; 1 said "hard and confusing", and 2 said "someplace in the middle."
- 4 of the 5 said that someone was easily available to answer their questions about the grant process; 1 said there wasn't.

Lastly, we were able to review the results of a 2001 survey commissioned by ACT to find out why potential applicants from rural areas did not apply that year. The vast majority of answers identified "could not meet deadline" due to their overwhelming workload within a small organization, to receiving the application too late to meet the deadline, or because the process was too cumbersome for the payoff.[1]

Social Marketing Campaign – What the Statute Says

Although the statute does not directly address the Trust's involvement in public awareness campaigns, it does define prevention of child abuse and neglect as the mission of the ACT. Primary prevention, as defined by the statute, means an educational or training program intended to raise awareness of and change attitudes concerning child abuse and neglect and its prevention.

[1] We received the raw data forms from the consultant who managed the survey, Thea Agnew. The survey also asked about the services potential applicants from rural areas would appreciate from ACT. We recommend the results of this survey be reviewed by the Trust's board as it plans future activities.

Social Marketing Campaign – Current Activity

Funded through a congressional earmark of $593,700, the social marketing campaign was launched in September 2005. The campaign objectives are to:

- Increase responsibility, both personal and professional, about the need to stop child abuse and neglect before it starts.
- Decrease the stigma of asking for help on parenting and to stimulate individual intent to ask for it.
- Increase awareness of a help line number and to generate calls to it as well as to other community resources.
- And, as a campaign consequence, to reduce child abuse and neglect.

The primary audience for the campaign is parents, ages 16 - 35, without high school diplomas, who are living at or below the poverty line. A special emphasis was made make the messages appeal to males, Alaska Natives and people in the military. The secondary audience is the community at large. Campaign tactics include a major media effort targeted to communities with high rates of harm to children reported. Mediums include TV, radio, newspaper, bus signs and cinema slides. In concert with the campaign launch, many presentations were made to civic organizations and organizations of professionals serving children and families. A "warm line" was established at Resource Center for Parents and Children in Fairbanks (toll-free statewide) and resulting calls are being tracked. A portion totaling $225,000 of a second congressional earmark of $591,900 will be targeted to the campaign and will focus further on community outreach in rural areas.

As of this date, there has been little information gathered regarding the impact of the campaign, however, one measure of its success is the amount of earned media, valued at $168,000, resulting from the effort.

Social Marketing Campaign – Interview Feedback

The majority of comments received about the campaign were critical – of how the money was spent, competing messages resulting in confusion, limited options promoted for seeking help, and creative concepts that did not match the characteristics of the intended audience. It was clear from the comments that a number of interviewees were unaware of the "earmarked" nature of the Congressional appropriation – the use of which is restricted to a public awareness campaign, rather than Trust selected activities such as grantmaking. Of the positive comments received, most focused on the value of the campaign in raising the profile of the child abuse and neglect issue.

A number of interviewees also stated disappointment in how the campaign was planned; expressing that the State had co-opted the Trust's leadership role by taking the lead in designing the effort and working with the advertising agency awarded the contract. Comments include:

- The Social Marketing Campaign seems to be a public relations effort with an unclear message and no mention of the Alaska Children's Trust.
- The advertising agency was selected because they submitted the lowest bid, not because they had the best ideas. Trustees were included in the proposal review process but their suggestions were overlooked in favor of the low bid choice.
- The campaign did not reflect the state's diversity and was too slick – not designed to reach the intended audience in a way that would result in behavior change.
- Rather than a social marketing campaign, we really need to be talking and planning at the community level and using the funds to address child abuse prevention.

Trustee Involvement – What the Statute Says

While the statute recognizes the Commissioner of Revenue as the Treasurer of the Trust, it identifies the members of the Trust Board as the fund administrator. The powers and duties of the Trust are to:

1. Hold regular and special meetings it considers necessary.
2. Award grants from the net income of the fund to community-based programs and projects.
3. Monitor approved programs and projects.
4. Consider the means of measuring the effectiveness of programs and projects to be funded.
5. Apply for and use net income from the fund to obtain private and federal grants.
6. Solicit contributions, gifts and bequests.
7. Submit to the Governor and Legislature a report describing services provided by the programs and projects funded by the Trust and the annual level of contributions, income and expenses of the fund.

Trustees are appointed by the Governor and include five community leaders and individuals representing the Department of Health and Social Services and the Department of Education and Early Development. Administrative staff support is provided by individuals from DHSS, Office of Children's Services and investment management is provided by staff within the Department of Revenue.

With the exception of investment management, the statute gives the Trust authority and responsibility to operate and make grants for the prevention of child abuse and neglect in the manner which is consistent with the review and payout process described in the legislation. A broad interpretation of the statute gives the Trust a considerable amount of power over how it functions, setting funding priorities, hiring and managing staff, and establishing an operating budget.

In practice, during the last four years, the Trust has not been allowed to fully realize and operate within the full parameters established by the statute. Rather than the autonomy with which the Trust performed its duties during the early phase of its development, it became subject to the administrative dictates of state government. The loss of autonomy is especially evident in:

- Staffing assigned by the state rather than selected by the Trust;
- Funding for staff drastically cut leading to piecemeal and inconsistent staffing;
- Grant application form and process significantly revised to conform with the state's RFP process

Trustee Involvement – Interview Feedback

Many comments received related to the devotion and concern expressed by Trustees for the issue of child abuse and neglect prevention. No one interviewed questioned Trustees' commitment to doing the job well for which they were appointed. Other comments heard include:

- Concern that members of the Trust do not know the issue of child abuse prevention well and need further education.
- With current and up-to-date knowledge, the Trust could become more effective in its activities, especially if it is guided by a strategic plan.
- The Trust would benefit from closer relations with other boards and commissions that are also focused on strengthening families.
- The needs of the Native Alaskan population, as well as the residents of rural Alaska are not being addressed by the Trust.
- Too much Trustee time is taken up in conflict with DHSS over the division of authority and the operating structure.
- Without dedicated and qualified staffing, the Trust lacks the capacity to truly plan and address the issue.

Financial Management – What the Statute Says

The statute gives the Commissioner of Revenue the responsibility of managing the use of and investments made from the ACT. The Commissioner is the Trust Treasurer.

DOR staff receives all contributions to the ACT from individual donors and special events hosted by Friends of the Alaska Children's Trust (FACT) as well as proceeds from the sale of special license plates, marriage and birth certificates.

Through the statute, DOR also prepares for and manages an annual audit of the ACT, does the accounting of the Fund, provides financial statements to Trustees, as well as special reports requested, and determines the investment philosophy for the Fund. For these services, ACT is charged a fee by DOR.

The Statute also dictates how *net income* from the Fund may be used:

- Awarding of grants
- Obtaining private and federal grants for the Fund
- Soliciting contributions, gifts and bequests for the Fund; and
- Reimbursement to the DOR for the costs of establishing (and presumably managing) the Fund.

Up to $150,000 annually may be appropriated from the *principal* of the Fund for the administrative expenses of the ACT, according to the statute.

Financial Management – Current Practice

From the original contribution of $6 million appropriated by the State Legislature in 1996, assets of the Trust have continued to grow through an investment strategy designed to build principal while generating increased net income over the long term. According to reports developed by DOR and recently presented to the Trustees, as well as conversations with DOR staff, the investment philosophy is an outgrowth of interpreting the statute. It is also related to the fact that ACT is a small fund within a much larger investment pool managed by the State. Therefore ACT benefits from diversification that would not otherwise be available to a small fund.

Investment Strategy

DOR investment strategy has focused on fixed income investments. This reflects not only the instructions within the Statute but also a preference for the cautious stewardship of the Trust. While DOR has traditionally reported investment results to ACT Trustees, there has not been, until recently, conversations concerning the investment strategy. In response to Trustee concerns regarding the limited amount of money available for their work and operations, DOR representatives indicated a willingness to explore alternate investment strategies.

Using a different asset allocation strategy, DOR would move to a more aggressive array by significantly decreasing funds placed with Lehman Aggregate from 57% to 19%, increasing investment through Russell 3000 from 43% to 59%, and investing 22% of assets in International Stocks. This re-distribution is projected to be more risky than the present strategy, but would potentially increase the rate of return by more than two full percentage points, from 6.56% to 8.25%.

In terms of how the modified strategy would affect ACT operations, as well as the growth of Trust principal, DOR projects growth in the fund balance over time:

- Growing to almost $35 million in 25 years, by targeting 8.25% total return[2] versus
- Growing to slightly more than $20 million in 25 years using the current asset allocation approach[3]

Income projections from the different investment approaches also point to the value of adopting the new approach suggested by DOR:

- Funds available for grants would grow to almost $900,000 annually over 25 years with the 8.25% total return strategy versus
- Growth in funds available for grantmaking increasing to slightly more than $600,000 over 25 years.

[2] Assumes administrative costs of $100,000 annually paid from principal.

[3] Assumes administrative costs of $100,000 annually paid from income.

Expenditure History

Although the statute allows for the appropriation of up to $150,000 from the principal of the ACT annually for operating expenses, it has not been the practice of the Trust, DHSS, DOE or DOR to facilitate the appropriation. People interviewed suggested three primary reasons for this: a belief that the Revenue Commissioner was opposed to releasing these funds; desire to not erode the Trust's principal; and, a practice of covering operating expenses from fund income set aside for grantmaking. In addition to the expenses paid through fund income, the State of Alaska has contributed staff time, space and other costs as a part of their "hosting" of the ACT. The costs absorbed by the State have not been tracked and the value is not known.

As the table below illustrates, the expenses and grants encumbered each year are not equivalent to the entire amount of interest income generated by the Trust during the same period. In fact, based on data provided by the Department of Revenue and DHSS, it appears that funding is left unspent each year. Based on interviews with Trustees, they were unaware that they were not provided the entire amount of interest income generated for their activities. It is not clear who is making the decision to hold back funds, or the rationale behind such a decision. As with many of the investment, revenue and expense policies related to ACT, there has not been regular discussion and consensus between Trustees and the State's administrative departments managing the funds. This matter is further complicated by the use of two different accounting methods: DOR using a cash-basis and DHSS an accrual system.

Through the concerted efforts of State Comptroller Susan Taylor and Nancy Burns of DHSS, the following financial statement was prepared to illustrate income and expense for the Trust during the current and four past years. While there are still questions to be answered regarding this information, we feel confident that it represents a true snapshot of past activity.

Alaska Children's Trust - Combined Principal and Income Accounts	2002	2003	2004	2005	
Trust Beginning Balance	$9,452,346	$8,855,157	$9,595,668	$10,301,385	$
Revenue					
ACT Principal - retained earnings	($693,295)	$383,481	$468,781	$397,203	
ACT Income Account - available for spending	$368,014	$323,976	$342,689	$364,412	
Total Investment Income/Loss	($325,281)	$707,457	$811,470	$761,615	
Net Contributions	$164,182	$389,096	$183,942	$146,907	
Subtotal Revenue	**($161,099)**	**$1,096,553**	**$995,412**	**$908,522**	
Expenses					
Department of Revenue	$35,964	$36,326	$43,278	$33,507	
Department of Education/Health and Social Services	$400,126	$319,717	$246,418	$234,195	
Subtotal Expenses	**$436,090**	**$356,043**	**$289,696**	**$267,702**	
Ending Balance	$8,855,157	$9,595,667	$10,301,384	$10,942,205	$

Alaska Children's Trust - Total Program Revenues and Expenses	2002	2003	2004	2005
Revenues - Children's Trust Programs				
Children's Trust Income Account - available for spending (from above)	$368,014	$323,976	$342,689	$364,412
Interagency Receipts	$55,000	$114,300	$40,000	$0
Subtotal Revenue	**$423,014**	**$438,276**	**$382,689**	**$364,412**
Expenses				
Actual Mgmt. Fees	$35,964	$36,326	$43,278	$33,507
Admin. Expenses	$117,900	$85,900	$9,500	$31,300
Grants	$365,000	$340,500	$287,800	$217,300
Subtotal Expenses	**$518,864**	**$462,726**	**$340,578**	**$282,107**
Surplus/Deficit	($95,850)	($24,450)	$42 111	$82,305

Alaska Children's Trust - Congressional Earmark (Social Marketing Campaign)	2002	2003	2004	2005
Revenues -				
Award for 9/1/04 - 8/31/06	$0	$0	$0	$593,700
Award for 10/1/05 - 9/30/06				
Subtotal Revenue	**$0**	**$0**	**$0**	**$593,700**
Expenses				
Actual Mgmt. Fees	$0	$0	$0	$0
Contractual	$0	$0	$0	$36,900
Grants	$0	$0	$0	$0
Subtotal Expenses	**$0**	**$0**	**$0**	**$36,900**
Surplus/Deficit	$0	$0	$0	$556,800

Source:

Alaska Budget System - actual expenditures

Alaska Department of Revenue, Treasury Division, Schedule of Invested Assets and Schedule of Investment Income and Changes in Invested Assets - Combined Principal and Income Accounts

FY2006 projected on a straight-line basis.

Management Fees

As mentioned previously, the statute allows the DOR to be reimbursed for the costs of establishing and although not stated specifically, the ongoing management of the ACT. Many of the interviewees expressed concern about what they perceived as high management fees charged to the Trust from DOR. Further examination of the financial information yielded a more positive look at investment & management fees.

	2002	2003	2004	2005	2006[4]
Authorized Mgmt. Fees	$43,200	$52,700	$53,000	$34,700	$34,700
Actual Mgmt. Fees	$35,964	$36,326	$43,278	$33,507	$34,700
Actual Basis Points	37	40	49	33	33

Comparing the DOR basis points for fund management against current management fees charged by the Alaska Community Foundation, the Alaska Children's Trust is getting a very good deal from the DOR. The Alaska Community Foundation is charging 85 basis points for managing endowments and 1.5 points for the management of donor advised funds. Time did not permit comparison with private financial management firms, but given the Trustee's interest in possibly promoting the move of the Trust to the Alaska Community Foundation, it is felt that the comparison drawn above is most relevant to Trust discussions at this time.

DOR is currently conducting a review of its management fees; it is entirely possible that the basis points will change as a consequence of the review.

[4] Estimated

EFFECTIVENESS

One of the awful realities of working in the field of child abuse prevention and strengthening families is that the problems are deep, widespread, and difficult to resolve. From what we've observed in Alaska, with reported cases of abuse hovering in the range of 2-3% of the total population, it is a serious problem affecting not only those who are harmed, but also others within their family system and their community.

According to our interviewees there is a good deal known about where abuse is occurring and what the risk factors are. There is also good research available about how to work the issue, although the solutions are certainly not simple or short term. And, because of Alaska's cultural diversity and remote rural population as well as urban areas; customizing the response to abuse to fit the circumstances is necessary.

We did not find evidence of a coalescing of opinion about the tactics to use in comprehensively approaching child abuse prevention. Separate and largely fragmented efforts by the State, ACT, and community organizations seem to suggest an opportunity to develop a common agenda addressing strengthening families.

ACT grantmaking while helpful, could have significantly more impact if done in concert with actions sponsored by the State and other players. The State of Alaska receives federal funding, Community-Based Child Abuse Prevention, or CB-CAP, for child abuse prevention services, which they grant out to organizations statewide. In reviewing the list of recent grantees, many are the same organizations funded by ACT for similar if not the same purposes. Many states filter these funds through to their children's trust to augment what's available at the state level for child abuse prevention. This combining of funds has allowed other children's trusts to have a more comprehensive and strategic approach to their activities and as a result, a more significant impact.

Community-Based Child Abuse Prevention Funds Received by Alaska

[illegible]	[illegible]	[illegible]
G-0101AKFRPG	$ 240,310	10/01/01 - 9/30/04
G-0201AKFRPG	$ 237,306	10/01/02 - 9/30/05
G-0301AKFRPG	$ 247,563	10/01/03 - 9/30/06
G-0401AKFRPG	$ 194,252	10/01/04 - 9/30/07
G-0501AKFRPG	$ 225,273	10/01/05 - 9/30/08

Many of the individuals interviewed, confirmed by our own observations, seem to suggest that the Trust should take the lead in convening stakeholder groups to learn from each other and to develop a strategic and shared approach to preventing child abuse. Ideally, this type of process would not only result in an agreed upon strategic plan, but it would also align responsibilities for action in accordance with each partner's abilities and capacity. For instance, until the Trust principal grows to a point where significant income is available for grantmaking, it may make more sense for the Trust to pursue a different course of action, perhaps creating materials for health departments, Head Start and other early learning programs to use with their constituents. Or, continuing to build public awareness of the issue through effective social marketing activities. The point is to use the Trust funds to the greatest potential and in concert with others; that means paying attention to what can be accomplished most effectively given the amount of funding available.

Other aspects related to effectiveness that have been mentioned but bare repeating are:

- A grantmaking process that encourages and welcomes funding requests from grassroots organizations.
- Knowledgeable and consistent staffing for the Trust.
- Increased level of knowledge about the issue at the Trustee level.

OTHER CHILDREN'S TRUST FUND OVERVIEW

Among those interviewed and researched via Web searching was Teresa Rafael, executive director of the National Alliance for Children's Trusts, along with a representative sampling of Trusts with different structures. Attached, for further information, is a 2004 survey conducted by the Ohio Children's Trust's Sally Pedon that, while slightly outdated, is still useful to reviewing the entire range of organizational situations in which Children's Trusts currently sit.

There are 52 Trusts within the United States, all created by state (or U.S. Territory and the District of Columbia) statute to prevent child abuse and neglect. After that similarity, the differences are of most interest.

Revenues:

The Alaska Children's Trust holds the second largest endowment; about twice as large as the average, which range from $750,000 to $22,000,000. However, over 40 of the Trusts have no endowment at all but are dependent upon annual state allocation and dedicated funding streams, federal CB-CAP monies (Community-Based Child Abuse Prevention Programs), and, sometimes, private funding. The annual budgets in 2004 ranged from $80,000 in both West Virginia and South Carolina, to $14 million in Massachusetts. The average annual budget in 2004 was $1,925,000 and the mean was $530,000.[5] Common funding sources are birth and marriage license and divorce fees, state income tax check-off donations, fundraising, and special license plate fees. Twenty-eight states' Children's Trusts receive CB-CAP funds; 19 of those are the lead agency contact, meaning they distribute these federally funded grants within their state that total a minimum of $200,000 and usually more.[6] Less common are tobacco fund dollars, U.S. Office of Juvenile Justice and Delinquency Prevention funds, general revenue or state appropriation from various department funds, U.S. Adoption and Safe Families Act funds, TANF funds, one state's educational trust fund, and duplicate birth certificate, heirloom marriage and birth certificate fees. The two major national foundations in this field are the Doris Duke Charitable Foundation and the Annie E. Casey Foundation.

[5] Alaska's annual budget was reported as $500,000 in 2004 by then ACT staff Becky Parker. Only estimates were provided to survey author Sally Pedon.

[6] CB-CAP or CAPTA dollars are an important source of revenues for Children's Trusts. CAPTA is the Child Abuse Prevention and Treatment Act, the first law to direct federal funds to states specifically for the prevention of child abuse and neglect; it was reauthorized in 2004. CAPTA allotments are based on a formula that includes child population and Child Abuse and Neglect reports. As reported by the U.S. Department of Health & Human Services' Administration for Children and Families, Alaska's FY 2005 (estimated) allotment was $237,306. It appears that these dollars go to the Office of Children's Services Family Support Fund currently, although, according to Claudia Shanley, that is under review by Commissioner Tammy Sandoval.

Structures:

Children's Trusts are situated within more than a dozen different state departments, ranging from the obvious departments of health/social/human services, to the unexpected department of economic security. Many are within the states' department that deals with child welfare, six are a stand-alone agency within the state, four are merely funding streams for a state agency, and eight are or have a sister public charity or are a public/private hybrid. Two are part of the Governors' office or cabinet and one is managed by an Attorney General. While still heavily state managed, there is significant talk about privatizing within the Trust community, due to the same challenges as noted by ACT's board, above.

Staff Size:

The number of staff ranges from no dedicated staff (that usually means a department provides some level of administrative support) to 18 FTEs (Alabama). Of the 39 that reported a staffing figure to Ms. Pedon, the average staff size was 3.3 FTE and the mean, 2 FTE. Several contract for staff outside the sponsoring state agency.

Governance:

All the Trusts, whether or not they have privatized, have at least some, if not most trustees appointed by the Governor. They usually are a combination of child abuse neglect and prevention experts, state agency heads, community and business leaders, and representatives of philanthropy. While governor appointees can be a political and always changing reality, the Trusts representatives spoken to were appreciative of the fact that when a Governor appoints someone, they tend to take it seriously. The number of trustees range from five to over 50 (Massachusetts). Those Trusts that have privatized tend to have larger boards because of their additional fundraising responsibilities.

Prevent Child Abuse America Charter Chapters

Five Children's Trusts are also the Prevent Child Abuse America Chapter within their state (Alabama, Michigan, Maine, New Hampshire and, with provisional status, Washington State). This allows for easy access to nationally funded and developed materials on prevention education, research, programs and advocacy, as well as technical assistance in the form of an annual conference and a bit of direct chapter support. In Alaska, ACT grantee Resource Center for Parents and Children is the state's Prevent Child Abuse America chapter.

Programming

All Children's Trust Funds offer grants to organizations that work in the child abuse and neglect arena. However, more Trusts are beginning to find that their grantmaking activities are taking up a minority percentage of their programming activities. This is due to a growing realization that even the best funded Trusts have few resources to throw at as large a problem as preventing statewide child abuse and neglect. This realization has been coupled with an increasing belief that focusing on playing a key role in convening, funding research, collaborating, and education both of the public and state elected officials, may be a more effective role for Children's Trusts.[7] (One of ACT's trustees called this focus "being Alaska's brain trust on child abuse and neglect prevention.") Among the types of activities undertaken by Children's Trusts are:

- Grantmaking
- Social marketing campaigns
- Providing technical assistance to grantees
- Exercising leadership roles in fostering coalitions and networking
- Representing the state on child abuse and neglect prevention issues within other governmental bodies and agencies
- Distributing funding to the local level through county or township prevention councils
- Offering trainings/workshops/conferences for prevention service providers/educators/parents
- Influencing policy and legislation
- Evaluation of practices in the field/providing standard measurement tools

[7] Interview with Ohio Children's Trust's executive director, Sally Pedon, 2/24/06.

TRUST FUND PROFILES

Ohio Children's Trust Fund — Structure within a State Department

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614-466-6158
pedons@odjfs.state.oh.us
(Note: Ms. Pedon has recently been notified she will be transferred to another position within state government, so there will be a new contact as yet unknown.)
Staff: 3+ FTE

The Ohio Children's Trust Fund is considered one of the "stars" of the field nationally. They are unique in a number of ways:

- They are within a state department (Department of Jobs and Family Services) – but have a separate governing board with other agency heads represented.
- Their grantmaking (90% of all disbursements) is mostly decentralized; all counties receive an allocation based on their child population (minimum of $15,000) to determine at the local level where it should go to be most effective. Other grantmaking is for statewide projects of significance to the field.
- Their programming is based on a relatively new concept of prevention across all community health and safety fields called The Spectrum of Prevention. There are six activities, from the most shallow to the deepest level of intervention in the problem. They are: strengthening individual knowledge and skills, promoting community education, educating providers, fostering coalitions and networks, changing organizational practices, and influencing policy and legislation. (See http://www.preventioninstitute.org. for more information.)
- Their entire annual budget ($4.4M) is raised through $3 fees on birth and death certificates, $11 divorce and dissolution fees, interest earnings and CB-CAP funds. They add to their significant fund balance (not considered an endowment) of about $10M each year by several hundred thousand dollars, increasing interest earnings.

The Ohio Children's Trust has shared some of the same frustrations expressed by ACT Trustees. There is continuing tension regarding decision-making authority between the board and the head of the agency in which the Fund is placed. There have been "tugs of war" between department heads wanting it positioned within their agency. Leadership changes according to administrations since the board is made up of the directors (or designees) of four state agencies, four legislators appointed by the legislature, and eight citizens appointed by the Governor. In spite of these concerns and even recent "raids" by the state on the Fund (totaling $3M in '05 split between OMB and Mental Health Services), The Ohio Children's Trust Fund has decided against privatizing. The reasons were:

- They currently have such a large and stable stream of dedicated funding from the state according to statute, that they fear losing it if they went outside the state.
- The task of rebuilding a fundraising board was considered daunting.
- Their decentralized approach to preventing child abuse and neglect is best achieved within the state system that already has avenues of connection between the county and state levels.
- They were concerned that the Trust Fund would end up competing for dollars with its grantees.

The Massachusetts Children's Trust Fund — Separate State Body with "Friends of" 501(c)(3) Public Charity

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Staff: 33 staff

By statute, the Massachusetts Children's Trust Fund was established in 1987 with fairly proscribed instructions as to board members. They included the head (or designee) of the state's human services, manpower affairs, office for children, social services, mental health, youth services, education, public health and public welfare agencies, plus 12 private sector governor appointees, equally proscribed as to their expertise (e.g., pediatrician, child psychiatrist, district attorney, teacher, social worker, etc.) While part of state government, the Trust Fund's board was given governance powers including the hiring of staff and consultants; grantmaking decision-making (with the proviso that grants be evaluated); facilitating exchange of information; consulting with *and to* state departments, agencies, commissions and boards; promoting academic research on the efficacy and cost effectiveness of child abuse prevention initiatives; and any other guidelines or procedures they deem necessary.

The Friends of the Massachusetts Children's Trust was established a few years later to leverage private funding solely to support the Fund's programs. They hold fundraising events, and receive funds from foundations, corporations and individuals. The current state agency designees are from the Departments of Education, Mental Health, Social Services, Transitional Assistance, Health and Human Services, and Child Care Services.

The $14.5 million total in annual funding for the Massachusetts Children's Trust Fund comes mostly from the state, through various line items including one for the Children's Trust Fund administration and especially the Healthy Families Program. Federal dollars, including CB-CAP, total less than $1 million. The Friends of the Children's Trust raise about $500,000 of that $14.5 annual revenue (some of which pays for administrative and personnel costs for fundraising), and they have a permanent endowment of less than $700,000 and a fund balance of over $385,000.

Ms. Bartley believes Massachusetts has the best of both worlds. Being firmly part of state government enables them much more involvement in policy development as well as the receipt of state appropriations. A sister 501(c)(3) public charity allows for leveraging private funds and broader community involvement. Several actions have made this work well for them.

- The governing board is both large (for widespread in-house expertise and willing volunteers) and empowered by statute to run the Trust and its activities. The board size was increased to "up to 50" by statute.
- The Trust and Friends of organizations, while legally separate, are run by a combined staff and see their goals as the same. (The Friends of board is small – only six, three of whom sit on the Trust board.)
- By having the various agency heads (or designees) determined by a strong enabling statute, it allows the Fund to do serious outreach in order to develop relationships with state employees at a high level which can help the Trust weather administration changes more easily.
- The strongly worded enabling statute allows staff to answer to the board only. And by standing alone within the state, it isn't "lost" within an agency. Ms. Bartley considers being placed within the agency charged with child protective services is a "kiss of death" to Children's Trusts, because children "have to arrive damaged to receive services. All parents need and deserve access to information to raise their kids and prevent child abuse and neglect," she said.
- The statute also directs the Trust to work in collaboration with and educate the legislature and other state agencies about anything that may affect the Trust's work. Legislative briefings are therefore mandated, leading to legislative relationships that can help prevent the "gutting" of the Trust by new administrations.

Children's Trust Fund of Oregon Foundation — Merged with a "Friends of" 501(c)(3) Public Charity

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2 FTE

The Children's Trust Fund of Oregon Foundation began life within Oregon's then child welfare division, became a stand-alone state agency, and finally in 2001, by statute change, was privatized into a separate 501(c)(3) public charity. Its experience provides a number of lessons learned for ACT's consideration.

The Children's Trust Fund of Oregon began in the late '80s and was staffed by the state within the child welfare department. In the early '90s, Oregon created a Commission for Children and Families, a new state agency, in response to the public perception that the child welfare department was being too heavy-handed with parents. Since the Trust's goal was to prevent abuse and neglect (and help families to do so), the Trust was moved under the purview of the new Commission for Children and Families. But the Commission had its own commissioners that acted as its governing board – and so did the Trust. This was viewed by the Trust as a money grab by the Commission, whose staff person took over the staffing of the Trust as well. A "Friends of" public charity was created to help raise private funds but never was active.

The Trust lobbied the state legislature to become an independent agency, which was granted in 1996. But they found that starting a new agency from scratch was very challenging and, because of additional requirements of all state agencies, including the cumbersome reporting, budgeting, contracting and purchasing processes and other administrative rules, it needed more staff than the Trust had. The Trust board became concerned that the state would raid its then $4 million endowment, particularly as the state faced increasing financial pressures. The state was willing to let the Trust privatize because it was uncomfortable with the outside board oversight and the sister "Friends of" organization, and they also figured out a way to stop state appropriations for Trust activity. Originally the statute said that 2% of criminal fees and fines were to go to the Trust's endowment which is how the $4 million was built. The statute also allowed that when the fund reached $5 million, the Trust could use the interest for both grantmaking and operations; previously only grantmaking was allowed. The state interpreted that to mean that at $5 million, the state's funding would cease and that the 2% criminal fee and fine income eventually was diverted to fund a state police academy. Donated and CB-CAP funds kept the Trust going during a two-year semi-independent transition period until 2001.

Merged with the shell 501(c)(3) "Friends of" entity, the now the privatized Children's Trust Fund of Oregon Foundation, receives its income mostly from interest off of the current $5.5 million endowment, workplace giving campaigns, income tax check-off funds, heirloom birth certificate sales ($15 out of the $45 cost) and private donations. The only other tie the Trust Fund Foundation still has with the state is that the Governor appoints 20% of its 18-member board.

Ms. Thompson warns ACT that fundraising has been difficult. "We first tried to protect our original funding streams from the state. That was time consuming, expensive and ultimately unsuccessful. Our constant frustration is that we would love to have more money for grantmaking. But people look at an already existing fund and ask themselves, 'why should I give it to the Trust when I can give it directly to the Children's Relief Network?'" Thompson mentioned the ever-present concern about competing against their grantees for dollars, and reiterated that raising dollars for a re-granter, like the Trust, is much harder than raising dollars for a typical service provider. She recommended that if public policy influence is part of ACT's desired future activities, then staying a part of state government makes the most sense. However, she is happy being a private nonprofit and the flexibility it allows in the Trust's activities.

The Hawaii Children's Trust Fund Alliance — Public/Private Partnership with State, Hawaii Community Foundation and Service Providers

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State Contact with Dept. of Health:
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Staff: 3 including state contact/Community Foundation contact/Alliance contact

The Hawaii Children's Trust Fund was established late in the Children's Trusts movement, allowing it the opportunity to look at all the other examples, the various enabling statutes, and the pros/cons of different structures and activities. This, they thought, would give them an edge to avoid errors that have hampered other Trusts and they spent serious time analyzing their choices. Unfortunately, it didn't work out that way.

The state wanted to craft a public/private partnership from the start. The enabling legislation carefully proscribed the various parts of the Trust, its governing and advisory board, and its fiscal oversight. The Trust Fund was established as a separate fund of the Hawaii Community Foundation (the only Children's Trust in a community foundation), which was given responsibility for the expenditure of money or grantmaking from the Trust. Funding for the Trust was to come both from private fundraising and public sources from the state, and an endowment was envisioned for the future. The state Department of Health was tagged to be the lead agency for the public sector and to provide staffing, with the Hawaii Community Foundation. A three-part governing/advisory body was established:

1. An **advisory board** that was charged with making the grantmaking recommendations to the Hawaii Community Foundation and for the administration of the Trust Fund. The board has seven members: one appointed by the Hawaii Community Foundation; three appointed by the governor from a list of names submitted by the Hawaii Community Foundation; two legislators -- one appointed by the state Senate president, one appointed by the state Speaker of the House; and the director of the department of health or the director's designee.
2. A **coalition** made up of representatives of "any agency or individual committed to strengthening families to prevent child abuse and neglect" was to develop policy, planning, and strategy for the Trust as well as publicize and fundraise for the Trust Fund. In effect, the potential grantees of the Trust were to have a significant say in the operations of the Trust.
3. An **advisory committee of the coalition** would provide leadership to the Trust, in effect operating as its executive committee. Among the planning, publicity and fundraising tasks noted above, the advisory committee of the coalition was also charged with establishing the criteria and guidelines for the board's grantmaking, and to advise the Department of Health on matters involving the prevention of child abuse and neglect. This advisory committee would be made up of both private and public sector members the latter including representatives from the departments of health, human services, education, youth services and the judiciary. The private representatives would be elected by the coalition.

This convoluted exercise in democracy actually worked fairly well until there was a change in the leadership at the Hawaii Community Foundation and a bequest of $9 million for an endowment was left to the Trust. Once there was significant money in the pot, power struggles emerged.

The endowment is held by the Bank of Hawaii (to which the Trust pays administrative and investment fees) and the earned interest is sent to the Hawaii Community Foundation which, by federal law, owns and controls those funds (for which the Trust also pays administrative fees). But the state statute says that the advisory board has oversight of the Fund, while the Hawaii Community Foundation board, by federal law, has oversight of the Fund. The HCF finds these additional voices in the works to be both cumbersome and unusual. In addition, the grantmaking criteria is developed by the advisory committee of the coalition, the grantmaking decisions are recommended by the advisory board and the final grants are decided upon by the Hawaii Community Foundation board. No wonder people are testy!

Additionally, the statue required the Trust Fund to undertake some activities – public awareness education and fundraising, for example – that none of the existing structures were capable or willing to carry out. There was no one legal entity that could have the Trust's office, desk, phone, or initiate these other activities through contract or staff. So in October of 2005, the Hawaii Children's Trust Fund *Alliance* was formed as a separate 501(c)(3) public charity. Ms. Yates, formerly on contract with the DOH to manage the strategic planning for the Trust Fund, now is the executive director of the Alliance. The advisory committee's desire is for that position to manage all pieces of the Fund and staff all parts of the Fund and the Alliance, but that is still under negotiation with the DOH. Currently the advisory board is staffed by the Hawaii Community Foundation, the advisory committee is staffed by the state DOH, and the coalition is staffed by Ms. Yates. She notes that all the energy spent over these structural and operational issues has reduced their concentration on children and their families; she regrets this. Yates described her state of being at this point: "We birthed this new nonprofit and now I've got post partum depression!"

Funding for the Trust Fund Alliance's activities come mostly from the endowment income. They have been able to get on the tax check-off program recently and are considering seeking funding from national foundations as a way to avoid directly competing with grantees. They are still negotiating to get back the CB-CAP monies that had been assigned the Trust Fund as the public funded portion of the public/private partnership. The DOH has to respond to the CB-CAP RFP and hasn't, in spite of being almost four months into the 2006 year. The endowment income provides about $180-$210,000 for administrative costs; they've relied on the CB-CAP money for their $650,000 in grantmaking dollars in the past.

At this point, they are considering attempting to revise the original enabling legislation. They have avoided doing so up until now, because once that $9 million came in, they knew there would be legislators and department heads wanting to use those dollars for other purposes, including treatment (vs. prevention). But even with the new public charity, it's still not working. Lesson learned: don't develop a structure or agreement that relies on the goodwill of individuals. Once those individuals change, the entire project can implode.

Maine Children's Trust — Privatized into a Separate 501(c)(3) Public Charity

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Staff: 2

The Maine Children's Trust was established in 1988 by the state, managed by state employees, and originally funded by the income tax check-off program. By 1994, they realized that the problem was too large to address with such small funding levels, and the difficulty fundraising for a state entity led them to change the statute privatizing the Trust into a 501(c)(3).

The statute that was amended to make the Trust a public charity still defines who is on the board and charges the Trust to accomplish certain things. The board consists of a minimum of 17 members including one state senator appointed by the senate president; one state representative, appointed by the speaker of the house; four members of the Maine Association of Child Abuse and Neglect Councils (self-selected); two representatives of the Department of Human Services, appointed by the commissioner; and nine members of the public – three of whom are appointed by the governor, three by the Maine Chamber of Commerce, and three elected by the other board members of the Trust. By the enabling statute the Trust is directed to coordinate, participate and fund public awareness campaigns; provide technical assistance to prevention service providers; advocate for systemic changes in state policies and practices; foster private/public partnerships and other collaborations; propose ideas and innovations in rules, laws, policies and programs concerning child abuse and neglect to the governor, legislature, state agencies and others; and fund program services that serve unmet needs. The independent public charity status allows the Trust to undertake these activities and seek funding to support them.

The Trust receives funding from three sources:

1. Income Tax Check off revenues
2. Private and corporate donations
3. CB-CAP monies (they are the lead agency in the state)

They annually receive less than $420,000 from these three sources, a little more than half from the public (income tax check off and private donations). They make 20 or so grants annually totaling about $195,000; maximum grant size is $8,000. They also receive some United Way dollars that they distribute for them.

Maine Children's Trust has also recently become the Prevent Child Abuse America chapter through a somewhat hostile takeover.

Ms. Clarkin considers her biggest challenge to be too little money. With only her and an assistant, it's terribly difficult to do the coalition/collaborative work needed. Also, how do you make a difference throughout an entire state on this issue with $400,000? She sees her best opportunities now in collecting data that demonstrates need to national foundations, as well as linking with early learning endeavors to take advantage of the latest "in" issue.

Washington Council for Prevention of Child Abuse and Neglect — State Council with Public Charity "Friend" (That, for a While, Stopped Being Friendly)

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6 Staff

The Washington Council for Prevention of Child Abuse and Neglect and the Children's Trust Fund in Washington State were created by the legislature simultaneously in 1982. WCPCAN is a 14-member appointed state council charged with promoting prevention of child abuse and neglect. Seven members are appointed by the governor, three are ex officio members designated from the departments of health, social and health services and the office of the superintendent of public instruction; and four are appointed by the legislature, two each from the House and Senate. The Children's Trust Fund was set up to be a mechanism within the state treasury by which the state could solicit, receive and hold public and private donations to support the work of WCPCAN. In addition, heirloom birth certificate and special license plate fees are deposited with the Children's Trust Fund. The Fund supports programs to strengthen families, prevent child abuse and neglect, and educates the public about shaken baby syndrome. The Trust Fund was not set up as a 501(c)(3) (but is a public charity) and WCPCAN was housed within the department of social and health services.

Originally, the Children's Trust Fund gave all its raised dollars to WCPCAN from which it made grants. The Trust intentionally kept its corpus low to avoid "raiding" by the legislature. After a period of time, the volunteers with the Trust became frustrated that they were doing "the heavy lifting" (as Ms. Sharp called the fundraising) but not getting to decide where the money was going. They received a large grant and began to make their own grants with the money. So WCPCAN started pushing for and leveraging more federal funds (in order not to compete with its grantees for dollars). The Children's Trust, on its own, did relatively well until the dot-com crash when it lost most of its corpus. Now they only have a very part-time interim executive director and recently co-housed itself within the WCPCAN offices, so it's likely the relationship will strengthen again.

For many years WCPCAN received a state allotment (representing $5 for each marriage certificate fee) that provided half of WCPCAN's funding. Then the legislature authorized the sale of the heirloom birth certificates and in '06 the special license plate came into being. However, those sales may bring in no more than $100,000 over time. CB-CAP monies represent the largest influx of revenues supporting WCPCAN's work, and the challenge will be to push for more private dollars in the future. (Even though the Children's Trust Fund is a separate fund within the state treasury, donors still perceive that they are giving to "government.")

About $500,000 goes out in grants each year to 15-17 programs. Each grant is a three-year grant starting at $50,000 and reducing to $35,000 and $20,000 each succeeding year. A match is required (in-kind counts), a lot of technical assistance and support is provided, and they tend to fund about six new organizations each year. Their funding foci include crisis nursery and respite services, home visiting services, parent support and mentoring programs, and parent training and education. A recent focus is on children ages 0-3, seen as a cost-effective way to prevent child abuse and neglect, since most abused children fall within that age range and the most seriously injured (or even killed) are those ages as well.

WCPCAN is now situated within the office of the governor. Every new administration brings up a discussion about where it should sit; there's some talk that the current governor's new department on early learning should take it in, for example. But WCPCAN sees itself tightly connected to the state, both in terms of its activities and its reven‥e. As a state council, they have influence and access to policy makers – not only legislators, but agency leads. The information that face-to-face relationships provide can be useful at the policy level. Being at the table when DSHS is developing new policy is considered better, by Sharp, than being on the outside trying to change their mind. WCPCAN's influence is not from their money ($1.12 million annual budget), but from their personal relationships and the fact that prevention makes sense and is cost effective. Also, Washington State has an independent non profit organization, the Children's Alliance, which has an impressive advocacy track record with the state legislature and administrative departments.

ANALYSIS

Going into this investigation, we were advised that at least three options were to be explored: status quo, becoming a 501(c)(3) public charity, or becoming part of the Alaska Community Foundation. As we continued to delve into this question, we identified additional questions such as:

- Are there other entities besides the Alaska Community Foundation to consider that might make a good "home" for ACT?
- Are there better places within state government or better operating agreements that could improve ACT's performance?
- Is there the capacity among Alaska donors to support a new statewide entity?

We identified eight potential choices that ACT could make about its future structure. They are:

1. Eliminate Trust activities and turn funds over to state
2. Stay with status quo
3. Stay with state but negotiate some statute and operational changes
4. Ask The Foraker Group to be fiscal sponsor
5. Become an Alaska Community Foundation Donor Advised Fund
6. Merge with the Alaska Prevent Child Abuse America Chapter (e.g., ACT grantee Resource Center for Parents and Children)
7. Merge with FACT
8. Create new 501(c)(3) public charity

One option was quickly eliminated as a possible choice. Number six was discarded after interviewing the executive director from the Resource Center for Parents and Children. It became clear that taking on the Trust and its grantmaking activities are not a priority for RCPC. It is, understandably, most concerned about growing its own resource capacity to provide services in a geographically limited area.

Those interviewed had mixed opinions about the remaining choices. Grantees, in general, have no opinion about this because they mostly aren't aware of the Alaska Community Foundation, FACT, or the nuances between being a grantmaking public charity vs. a state-run grantmaking Trust. Trustees and others interviewed, while uniformly concerned about past experience with the state, were less clear about other options. Some comments included:

- "[Will changing the structure] really move the needle on child abuse and neglect?"
- "Being associated with the Office of Children's Services strengthens us."
- "Who besides the Governor is where the buck stops?"

- "We need to be *someone's* priority."
- "If we don't do something, we're going to loose Trustees."
- "The infancy of organized philanthropy [in Alaska] is a complicating factor [to making ACT a stand alone public charity]."
- "It will take 8-10 years to [build the fundraising capacity needed]. Does the board accept that?"
- "I think Alaska donors can make a public charity work, with the right people involved."
- "I don't know enough about the Community Foundation to think it's the place to go."
- "FACT seems tired and burned out itself."
- "One thing we could look at is just outsourcing the grantmaking process; make a grant to FACT *a la* what the Alaska Public Broadcasting Commission did and let them staff the grantmaking."
- "The Community Foundation doesn't have the capacity yet, but it will."
- "I could go with either a stand alone or a fund of the Community Foundation."
- "What's the most effective way to run the organization and meet its mission – and keep a relationship with the state?"

Below are "pro/con" lists for the remaining options.

Structural Options Pros and Cons

Eliminate Trust Activities and Turn Funds Over to State	
PROS	**CONS**
Simple	Loss of volunteer/community input
Less confusing for grantees	Loss of higher profile of child abuse and neglect prevention
Efficiency of scale	Program growth would be subject to political process
	Prevention is subservient to treatment among state priorities
	No or little private funds would be forthcoming

Keep the Status Quo	
PROS	**CONS**
State absorbs staffing, some administrative costs	Tension between treatment and prevention
Still opportunities for volunteer input and involvement	Lack of continuity and appropriate level of staffing (no "home")
Easy access to state data/statistics on CAN/knowledge	Affected by political whim and administration changes
Endowment investment fees are reasonable	Limited information and support of board, given available resources within state
Keeps CAN before legislature and governor	Current investment philosophy doesn't match board's desire for more grantmaking income
Part of Commissioners' dockets; shines a light on the issue	State centralized grantmaking process is overly cumbersome and discourages requests from grassroots/smaller organizations
	Little to no outreach and technical assistance to promote applications
	Proposal review done in paper only process; no site visits
	Stair-step funding formula isn't meeting purpose of building grantee sustainability
	ACT board members are frustrated

Stay with State – But With Negotiated Operational and Statute Changes	
(N)=negotiated change or change in (S)=statute change	
PROS	**CONS**
Dedicated, qualified and professional level full-time staff (N)	Still subject to political whim and change
Allows for savings in time, effort and money in setting up new structure	Can't specifically lobby for public policy development
Statute allows for more autonomous grantmaking process to encourage smaller organizations to apply (N)	Unless changed, current statute controls budget and grantmaking
Provide flexibility in grantmaking amounts (change stair-step formula for greater effectiveness) (S)	Fundraising for government activity still difficult
Expand allowed approach in grantmaking to effectively address CAN (e.g., ACT can collaborate, convene, educate, publish research, undertake awareness and social marketing campaigns, provide technical assistance to field, etc.) (S)	Trustees are gubernatorial appointees (e.g., ACT can become "tarnished" by administration)
Continue to develop and increase and diversity of funding stream (dedicated streams, private fundraising) (N)	
Allow donations to be dedicated to project/operating/fundraising costs, not only endowment (S)	
Ability to influence policy from inside government as player at the table (N)	
Directly positioned to receive CB-CAP funding (N)	
Eligible for Congressional appropriations (N)	
Trustees are gubernatorial appointments	
Access to state information and expertise	
Potentially less tension between treatment and prevention (N)	
Independent audit on investments allowed by current statute (N)	
Current Friends of ACT can promote sales of heirloom birth and marriage certificates and license plates	

Donor-Advised Fund with Alaska Community Foundation	
PROS	**CONS**
Freedom to design own programming	Investment management fees at .84 basis points (vs. .33 for state); ACF may be willing to negotiate down
Move to more of a statewide presence through ACF affiliate funds	Current "youth" of community foundation
Shared services (phone, software, etc.) leads to economies of scale	ACF in transition period (hiring new CEO); focus is on other priorities
Possibly attract new donors	No grantmaking capacity currently
Ability to draw more money to the issue through other DAFs	No specific CAN expertise
Outreach to larger pool of potential applicants for grants	Lack of public profile throughout state or in legislature; mostly known in Anchorage
Back office/investment management/potentially grantmaking all in one place	Final decision-making re: grants rests technically with ACF board
Can hire own staff	Contribution to establish DAF is irrevocable
Would help grow Community Foundation	Would have to cover ACT staff expenses from donations/revenues/interest/principal

Use The Foraker Group as Fiscal/Operational Sponsor	
PROS	**CONS**
Foraker is the center of nonprofit expertise in the state	Taking on an organization with a focused mission (child abuse and neglect) is off-mission for Foraker
Freedom to create own programming, to advocate, lobby (up to certain limitations)	Foraker's current organizational capacity is fairly maxed out
Both fiscal and operational expertise exist at Foraker	Little content expertise
Increased community involvement	Increased operating expenses for staff, office space, technology, etc.
Easier pitch to potential donors	Competition with grantees for donor contributions
Starting with $10M	Likely state requirements to release and safeguard endowment
Ability to select/hire high quality staff; also option to use Foraker consultants, especially with needed planning	Cost and uneven knowledge about investments (although could outsource to ACF or investment broker)
Potentially more comprehensible and flexible grantmaking process and technical assistance	
Foraker has good connections statewide and in rural communities	
Foraker has experience incubating organizations and then launching them	

Merge with Friends of Alaska Children's Trust	
PROS	**CONS**
No legal expenses to set up new public charity	FACT doesn't bring much to table except minor name recognition
Freedom to create own programming, to advocate, lobby (up to certain limitations)	Lack of organizational capacity
Connection of two shared mission organizations	Will need to build/re-build organization from the ground up
Increased community involvement	Difficulty of dealing with change for current staff/volunteers – potential for power struggle
Easier pitch to potential donors because not asking for funds to go to state or only to endowment	Little content expertise
Starting with $10M	Increased operating expenses for staff, office space, technology, etc.
Ability to select/hire high quality staff; hit the ground running with current FACT staff	Competition with grantees for donor contributions
Potentially more comprehensible and flexible grantmaking process and technical assistance	Likely state requirements to release and safeguard endowment
	Pitch to potential donors may be difficult because ACT will be a re-granting public charity
	Cost and uneven knowledge about investments (although could outsource to ACF or investment broker)

Become a New Independent 501(c)(3) Public Charity	
PROS	**CONS**
Freedom to create own programming, to advocate, lobby (up to certain limitations)	Additional legal and time costs to creating a new public charity (e.g., filing 1023, planning three years' out financials and activities, etc.
Increased community involvement	Heavy work load on volunteers to launch organization, find and fund first staff
Easier pitch to potential donors because not asking for funds to go to state or only to endowment	Will need to build organization from the ground up
Increased community involvement	Content expertise missing
Starting with $10M	Increased operating expenses for staff, office space, technology, etc
Ability to select/hire high quality staff	Competition with grantees for donor contributions
Potentially more comprehensible and flexible grantmaking process and technical assistance	With new, untested 501(c)(3) a weaker response to likely state requirements to release and safeguard endowment
	Cost and uneven knowledge about investments (although could outsource to ACF or investment broker)
	Pitch to potential donors may be difficult because ACT will be a re-granting public charity
	Uncertainty about capacity among Alaska donors to support new entity

RECOMMENDATIONS

When considering which option might be the best choice for the Alaska Children's Trust, looking back at the Trustees concerns is in order. The major problems had to do with inconsistent staffing, investment policies that didn't produce the results desired to increase grantmaking, lack of small grassroots grant applicants, a concern that the Trust would be subject to the vagaries and whims of changing political leadership, and the realization that tension between treatment and prevention is inescapable within a state setting. Let's take them one at a time.

Inconsistent staffing: This has been one of largest issues of concern. The Trust being moved from department to department, staffed only part-time by state employees with large portfolios, a loss of institutional memory – these all have significantly reduced the effectiveness of ACT. Which option can address this? All but the first two options could. If ACT remains in state government, negotiation for more consistent and appropriate levels of staff could result in satisfactory improvement. If ACT goes out of state government, each option offers the opportunity for ACT to hire appropriate staff.

Investment policies: There were two complaints about the state's investment policies with the Trust's endowment. 1) The interest income was not at the level desired by the Trust board, and 2) the investment fees charged by the state were considered too high. The first issue, it turns out, can be easily addressed in-state by directing the Department of Revenue Commissioner to set a different investment goal for the fund; the second, after close review as noted above, has been determined to be false. If the fund were removed from the state, the investment results and costs would be subject to market rates. Whether a private money manager could better achieve the desired results at a less expensive price, is not something that can be guaranteed. But a quick check with Nicole Bockner at Goldman Sachs[8] in Seattle suggested that a $10 million investment would typically cost 1+ basis points actively managed as opposed to the state's current .33 basis points.

Lack of grassroots applicants: There are several methods by which the Trust can encourage more applications from rural Alaska and from smaller nonprofits. With appropriate staff, both timely outreach and technical assistance can be offered to help applicants complete an application. In addition, the application form and process itself can be simplified and focused to encourage the applicants the Trust is seeking. Can these "fixes" be provided in state government? We believe the answer is yes; with negotiation staffing can be improved and increased; and the statute allows for the Trust to set the grant application criteria. Of course this can be accomplished out of state as well.

[8] Nicole Bockman can be reached at 206-613-5725.

Subject to political winds: As an in-state entity, this goes with the nature of the beast. All Children's Trusts have experienced this problem. Various attempts have been made to lessen the effect of administrative changes. Placing the Trust within the Governor's Office has been seen as elevating the Trust's activities to a position of favor. Conversely, positioning the Trust within an agency can protect it from a new Governor with different priorities. In any case, a legislatively created entity can always be "uncreated" and the fear of being "raided" in an era of dropping resources is real. The question becomes, then, whether being in-state offers enough other strengths to the Trust and its mission to offset the risk. It should be noted that only four out of 52 Children's Trusts have found it necessary to move out of state government.

Tension between treatment and prevention: This tension is found mostly when a Children's Trust is situated within the state government. The state's major responsibility is to offer services/treatment to its citizens. That's just a fact. Children's Trusts are attempting to prevent the need for that treatment. In states with limited resources the choice is relatively clear for most legislatures, agency heads and governors. However, the cost effectiveness of prevention programs across issues is gaining converts. For example, the federally mandated Ten-Year Plans to End Homelessness focus on stopping the cycle at the front end. Preventing child abuse and neglect is proven to save dollars over the long run, as well as save human and social capital also desired by each state. It may take forward thinking leadership to recognize that investing in prevention is as important as investments in treatment; ACT could contribute to building that leadership through increased educational endeavors among legislators and other elected officials and their staff. Nonetheless, a state will always place a priority on stanching the bleeding over preventing the injury to begin with. If the Trust were outside the state, they could easily define their niche and focus on it; however, they'd loose some of the influence they have to change in-state practices.

We are recommending that the Alaska Children's Trust Trustees consider the third choice as the most attractive option: stay with the state, but negotiate operational changes and encourage some statute amendments as well.

To begin this process, we recommend that the Trust in general seek autonomy for its decision-making, budget development, strategic direction, selection of staff and relationships with the communities it serves.

Specific recommendations follow:

Negotiate a new relationship with the Department of Revenue that:

- Results in a more advantageous investment return
- Institutes more frequent and meaningful communication concerning investment philosophy and results
- Provides a better understanding of management fees
- Allows for the statute-permitted use of principal to pay for administrative costs
- Acknowledges the statute permits use of income for fundraising purposes from public and private sources
- Confirms that the DOR is securing an independent audit on Trust investments as allowed by statute

Secure changes in statute that allow for:

- Greater flexibility for determining grant amounts, length of funding, and percentage of Trust contribution to grantee's project budget
- Expansion of tactics to prevent child abuse and neglect to include convening, collaborating, educating, publishing, researching, promoting awareness and social marketing, providing technical assistance, etc.
- Donations to the Trust to be dedicated to project/operating/fundraising costs, not only endowment
- Growth in the number of Trustees to meet the needs for expertise of leading a more diverse set of activities.
- Retains the gubernatorial authority to appoint a percentage of Trustees; however, also allows current Trustees to nominate and elect others.

Negotiate administrative changes in:

- Having Governor appoint ACT as the lead recipient of CB-CAP funds
- Creation of accurate and dependable financial reporting, covering revenue, investments and expenditures presented to the Trust at each meeting
- Securing appropriate level of professional staffing either from inside state government or outsourced; Trust should play a major role in selecting such staff
- Commitment for substantive involvement in the Trust from appropriate Commissioner/Deputy Commissioner-level agency heads, including high-level representation at Trust meetings and in the provision, upon request, of information, statistics, etc., that could inform Trust decision-making and planning
- Confirmation that the statute allows for the Trust to be a qualified recipient for federal funds, including congressional appropriations
- Confirmation that the statute allows freedom for the Trust in developing its own grantmaking criteria and processes separate from the state's

Positioning the Trust to adopt the leadership role on child abuse and neglect prevention in Alaska by:

- Convening stakeholders to collaboratively develop a plan to address prevention of child abuse and neglect
- Reviewing other Children's Trusts' strategies to prevent child abuse and neglect and to build closer connections for support and knowledge
- Looking outside the state for expertise in the field, from sources such as Prevent Child Abuse America, the U.S. Department of Health's National Clearinghouse on Child Abuse and Neglect and Administration for Children and Families, FRIENDS - National Resource for Community-Based Child Abuse Prevention, etc.
- Finding avenues for Trust involvement in policy development within the state
- Assisting FACT to promote the sales of heirloom birth and marriage certificates and license plates, raise additional dollars in support of ACT, and provide them a seat at the table when ACT is making decisions.
- Recruiting Trustees representative of the entire State of Alaska geographically and the Native Alaskans communities, among others.

Finding a new "home" or structure for the Alaska Children's Trust is not an easy endeavor. The natural reaction to something broken is to throw it away. Our recommendation that you instead "fix" the state's relationship with the Trust rather than starting over may not be simple or satisfying at first blush. It may also not be politically feasible to seek statute changes other than a complete privatization of ACT. That is something the Trust will need to decide based on a deeper knowledge of Alaskan politics than we possess.

Nonetheless, the prospect of growing a new entity is even more daunting. And the additional costs that would be incurred seriously damaging to the Trust's ability to accomplish its mission. If the state and the Trust can mend how it works together, the potential for the Trust to earn and raise more dollars, increase its grantmaking, and undertake activities to become that "brain trust" for children in the state, the prospects for making an impact will greatly increase. Hence our recommendation.

As we were attempting to find an in-between solution — affiliating the Trust under an already existing entity, for instance, we were amused by Dennis McMillian's comment: "Give it to Mikey; Mikey will eat it!" While both FACT and the Alaska Community Foundation would see the infusion of a $10M corpus as strengthening to their organizations, the Trust must first look out for its own vision and mission. Neither of these organizations offer the Trust much besides a shell structure due to their own current low organizational capacity. And while the Foraker Group would have more to offer the Trust, accepting that role would mean mission-drift for them, potentially weakening *their* ability to achieve *their* mission.

Of course in the best of all worlds, the Trust would not be faced with the political realities of limited time to make this important decision. Determining what the Trust wants to accomplish and how best to go about doing so would be the ideal way to determine the best structure for the Trust. "Form follows function" and all that.

Be that as it may, we hope that this report will help the Alaska Children's Trust consider its options and make the best choice it can at this point. Thank you for allowing **The Giving Practice** an opportunity to learn about your wonderful organization and its potential to strengthen Alaska's families.

-Julia Kittross & Claire Bishop

APPENDICES

List of Interviewees

Thea	Agnew	Principal, Agnew Beck (former consultant, ACT)
Gary	Bader	Chief Investment Officer, Department of Revenue
Suzin	Bartley	Executive Director, Massachusetts Children's Trust Fund
Janet	Clarke	Assistant Commissioner, Finance and Management Services
Jan	Clarkin	Director, Maine Children's Trust
Andrea	Gelvin	ACT Trustee
Marcia	Haistings	Executive Director, Alaska Community Foundation
Karleen	Jackson	Commissioner, Department of Health & Social Services
Babbie	Jacobs	Director, Friends of Children's Trust
Diane	Kaplan	ACT Trustee
Steve	Mahoney	Planned Giving Officer, Alaska Community Foundation
Margo	McCabe	Chair, ACT; Member of the Board, Friends of Alaska Children's Trust
Dennis	McMillian	President, Foraker Group
Tlisa	Northcutt	Chair, Friends of Children's Trust
Rebecca	Parker	Special Assistant, Officer of the Commissioner, Department of Health & Socia Services (former ACT staff)
Sally	Pedon	Director, Ohio Children's Trust
Teresa	Rafael	Executive Director, National Alliance for Children's Trusts
Tammy	Sandoval	Deputy Commissioner, Office of Children's Services
Kaye	Saxon	ACT Trustee
Claudia	Shanley	Systems Reform Administrator, Office of Children's Services (Staff to ACT)
Joan	Sharp	Executive Director, Washington Council for Prevention of Child Abuse and Ne
Kinaya	Sokoya	Executive Director, DC Children's Trust Fund
Scott	Sorenson	Trustee, Utah Children's Trust
Susan	Taylor	State Comptroller
Cynthia	Thompson	Executive Director, Children's Trust Fund of Oregon
Coleen	Turner	Executive Director, Resource Center for Parents and Children
James	Waste	Alaska Public Broadcasting
Deanna	Yates	Executive Director, Hawaii Children's Trust Fund Alliance

Questionnaires

The Giving Practice
A consulting service of Philanthropy Northwest
Developing
Options for the Future of Alaska Children's Trust

Questions for Trustees

1. To accomplish its mission, what will the Alaska Children's Trust (ACT) look like in five years?
2. What will it take to get there?
3. Are there challenges and opportunities to be aware of – what are they?
4. Are there issues from the past that may be problematic or helpful to building a future for ACT?
5. What are the pros & cons of selecting any of the following options for ACT:

Option	Pro	Con	Comments
Remain w/ the State w/ no changes (status quo)			
Status quo w/ changes (specify)			
Merge or become a supporting org of FACT			
Community Foundation as a supporting org, donor-advised fund, or endowment only			
Merge w/ RCPC			
Spin off to become new private foundation			

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Other???			

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Questions for Grantees

1. Has State management of the Alaska Children's Trust (ACT) been good, bad or middling for your organization and the issue of child abuse prevention?

2. Describe what the grantmaking process has been like as well as and your organization's relationship with ACT.

3. Given your past experience with ACT, what would you like to see done differently in the future?

4. What role does ACT funding play in your organization's budget and activities? Who else is a major funder of your child abuse prevention work?

5. In your opinion, does ACT address child abuse prevention in an effective manner? If you were running ACT, what would you do differently?

6. If you had $10 million, what would you do with it to prevent child abuse in Alaska?

7. What are the pros & cons of selecting any of the following options for ACT:

Option	Pro	Con	Comments
Remain w/ the State w/ no changes (status quo)			
Status quo w/ changes (specify)			
Merge or become a supporting org of FACT			
Community Foundation as a supporting org, donor-advised fund, or			

endowment only			
Merge w/ RCPC			
Spin off to become new private foundation			
Other???			

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Questions for State of Alaska Employees

1. How has the Alaska Children's Trust (ACT) functioned in the past?
   a. Number and type of staff
   b. Size of administrative and grants budgets
   c. Interface with state agencies, Governor's Office and State Legislature

2. What does the statute creating the ACT cover?
   a. Restrictions on funding or activity
   b. Performance & reporting requirements
   c. Grantmaking processes
   d. Decision-making authority
   e. Governance
   f. Revenue sources and the amount available for administration

3. What has past practice dictated in terms of the above categories?

4. Tell us about the politicization of ACT – how did it happen, what are the prevalent attitudes, and in your opinion, how is change viewed by the players?

5. What is your sense of the public's perception of ACT? How about the perceptions of child abuse prevention advocates?

6. Tell us about the public awareness campaign that's currently underway – what are the goals and what's been achieved to date? Who is in charge of this effort?

7. Where do you believe ACT belongs?

Option	Pro	Con	Comments
Remain w/ the State w/ no changes (status quo)			
Status quo w/ changes (specify)			
Merge or become a supporting org of FACT			

Community Foundation as a supporting org, donor-advised fund, or endowment only			
Merge w/ RCPC			
Spin off to become new private foundation			
Other???			

8. Do you see any advantage to the State or to ACT from remaining affiliated with the State? Would access to federal dollars change in anyway?

9. Which option(s) would best serve grantees and the mission of ACT?

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Questions for Possible Hosts

1. Are you interested in exploring affiliation with ACT? If yes, why? If no, why?

2. Tell us about your organization and its:
   a. Mission
   b. Programs
   c. Size of operating budget & sources of funding
   d. Number and roles of staff
   e. Volunteer involvement

3. Tell us about your Board:
   a. Constituencies & geography represented
   b. Role played in the organization – strategic or operational or both
   c. Their attitude about the mission of ACT & the possibility of affiliating with ACT

4. If you are interested in exploring affiliation with ACT, what operating structure would you propose? How would affiliation be good for your organization? And, how would it be good for ACT?

5. What challenges and opportunities do you foresee if affiliation with your organization is pursued – both internally and externally?

6. What would the impact of affiliation be on your organizations:

   a. Operations
   b. Budget
   c. Fundraising
   d. Governance
   e. Relationship with current funding sources, supporters, ACT grantees, and the public?

7. How would you describe your organization's strengths and limitations as they relate to affiliating with ACT?

8. Does your organization have a strategic plan and if so, how does ACT affiliation fit with your vision?

9. Please describe your organization's capacity and expertise for grantmaking.

10. Please provide us with copies of:

    a. Annual report
    b. Audited financial statements for the past three years
    c. Current year actual to budget statement (please include revenue & expense)
    d. Board list with affiliations and place of residence
    e. Strategic plan
    f. List of sources and amounts of support
    g. Organizational chart

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Questions for Other Children's Trusts

9. Please describe the history of your Trust and its past and current organizational structure.

10. What's your mission statement? Has it expanded since you were established?

11. Did you have a Friends of sister 501 c 3?

12. Why did you change your structure from gov't to private?

13. What structures were considered? (stand alone, CF, etc.) Why was your current structure chosen over any other?

14. What have been the biggest challenges – in separating from gov't and in continuing to operate?

15. Have you overcome them?

16. Do you have an endowment? Did it come from gov't? How much?

17. Annual budget? How much do you raise and approx. percentages of where money comes from? Any large private funders?

18. Grant budget? Number of grants annually? Average grant size? Multi year?

19. Other activities besides grantmaking?

20. How do you feel you've been/measure your effectiveness?

21. What advice would you give AK CT in their journey?

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Survey of Grantees

Date: Mon, 27 Feb 2006 17:17:46 -0800
To:
From: Julia Kittross <jkittross@philanthropynw.org>
Subject: The Alaska Children's Trust Needs Your Opinion
Cc:
Bcc:
X-Attachments:

Dear grantee of the Alaska Children's Trust:

The Alaska Children's Trust has hired us to assist them in determining whether the Trust and its grantees would be better served if situated outside of state government as it currently is.

Your opinion about this issue is important to the board members of the Children's Trust and we hope that you will agree to spend 10 minutes or so answering a survey that will soon arrive by e-mail via Zoomerang, an on-line survey instrument.

Your answers will remain confidential (unless you'd like to provide us your name for any reason) so we'd appreciate your candor. We know that you are busy, but if you can send back your responses by Monday, March 6, we'd be very grateful.

If you have any questions, don't hesitate to contact Julia at the e-mail or phone number below.

Thank you again,

Julia Kittross & Claire Bishop
The Giving Practice
A consulting service of Philanthropy Northwest
Jkittross@philanthropynw.org / 206-443-8443

Sent by e-mail to:

- Alaska Legal Services
- Bartlett Regional Hospital
- Center for Community
- Child Care Connection, Inc.
- Covenant House
- Fairbanks Counseling & Adoption
- Homer Children's Services, Inc.
- Hoonah City Schools
- Juneau Family Birth Center
- REACH, Inc.
- Resource Center for Parents & Children
- Saxman, City of
- Seaview Community Services
- Southcentral Foundation
- Standing Together Against Rape
- Sutton Elementary School
- Tundra Women's Coalition

Zoomerang Survey Questions:

1. During the year you received ACT grants, approximately what percentage of your operating budget did their grant represent?

2. Has your organization also received funding from the State of Alaska for the same projects or programs?

3. If yes, was the funding received during the same period as the ACT grant(s)?

4. In your opinion, was there any difference between receiving an ACT grant or a state grant? If so, how?

5. What has been your experience with the grant application process for an ACT grant? Easy and understandable, someplace in the middle, hard and confusing?

6. If you had questions, was there someone easily available at ACT or with the State who could answer them?

7. Is there more that ACT could do to prevent child abuse? Please describe other actions needed.

8. Do you think ACT should broaden or re-frame its mission to address family support issues more comprehensively? If so, what would you include in the mix?

9. Do you believe that ACT's affiliation with state government is good, bad or indifferent from the standpoint of:
   - Making and managing grants?
   - Effectively addressing child abuse prevention?
   - Raising public awareness of the issue?
   - Raising funds to increase prevention efforts?

10. Would ACT be better able to meet its mission if it became:
   - An independent foundation?
   - Affiliated with the Alaska Community Foundation?
   - Merged with Friends of the Alaska Children's Foundation

   (NOTE: I don't know was an option for these questions)

11. Additional comments or suggestions:

NOTE: Complete results of survey will be provided. The format by which Zoomerang survey results are reported are not easily e-mailed in a word document.

ALASKA CHILDREN'S TRUST

STATUTE

Sec. 37.14.200. Alaska children's trust established.

(a) The Alaska children's trust is established as a separate endowment trust of the state.

(b) The principal of the trust consists of

(1) legislative appropriations to the trust; and

(2) gifts, bequests, and contributions of cash or other assets from a person.

(c) The net income of the trust shall be determined by the commissioner of revenue in accordance with investment accounting principles and in a manner that preserves the distinction between principal and income.

Sec. 37.14.210. Powers and duties of the commissioner of revenue.

The commissioner of revenue is the treasurer of the trust and has the power and duty to

(1) act as official custodian of the cash and investments belonging to the trust by securing adequate and safe custodial facilities;

(2) receive all items of cash and investments belonging to the trust;

(3) collect the principal and income from investments owned or acquired by the trust and deposit the amounts in separate principal and income accounts for the trust;

(4) invest and reinvest the assets of the trust as provided in this section and as provided for the investment of funds under AS 37.14.170 ;

(5) exercise the powers of an owner with respect to the assets of the trust;

(6) maintain accounting records of the trust in accordance with investment accounting principles and with distinction between the principal and income accounts of the trust;

(7) engage an independent firm of certified public accountants to annually audit the financial condition of the trust's investments and investment transactions;

(8) enter into and enforce contracts or agreements considered necessary for the investment purposes of the trust;

(9) report to the board the condition and investment performance of the trust;

(10) do all acts, whether or not expressly authorized, that the commissioner of revenue considers necessary or proper in administering the assets of the trust.

Sec. 37.14.220. Administration of the trust.

The trust shall be administered by the Alaska Children's Trust Board.

Sec. 37.14.225. Trust board established.

The Alaska Children's Trust Board is established in the Office of the Governor. The board is composed of

(1) the governor or a designee of the governor;

(2) the commissioner of health and social services or the commissioner's designee;

(3) the commissioner of education and early development or the commissioner's designee; and

(4) four public members appointed by the governor; in appointing the public members, the governor shall give a preference to persons who have experience and expertise in

(A) children's or prevention programs; or

(B) private sector finance.

Sec. 37.14.230. Powers and duties of the board.

When acting as administrator of the trust, the board shall

(1) hold regular and special meetings it considers necessary; the board may hold meetings by teleconference;

(2) award grants from the net income of the trust to community-based programs and projects that the board finds will aid in the prevention of child abuse and neglect;

(3) monitor approved programs and projects for compliance with AS 37.14.200 - 37.14.270;

(4) before providing assistance to a program or project, approve written findings on the program or project that include a consideration of the means of measuring the effectiveness of the program or project;

(5) apply for, and use net income from the trust to obtain, private and federal grants for the prevention of child abuse and neglect;

(6) solicit contributions, gifts, and bequests to the trust;

(7) keep audio tape recordings of each meeting of the board to be made available on request; and

(8) submit to the governor and make available to the legislature by February 1 each year a report describing

(A) the child abuse and neglect prevention services that were provided by the programs and projects to which the board awarded grants; and

(B) the annual level of contributions, income, and expenses of the trust.

Sec. 37.14.240. Fund utilization.

(a) Except as provided in (d) of this section, the principal of the trust and any capital gains or losses realized on the principal shall be retained perpetually in the trust for investment as specified in AS 37.14.210, and may not be used for the awarding of grants.

(b) The net income of the trust may be appropriated only for the following purposes:

(1) the awarding of grants;

(2) obtaining private and federal grants for the trust;

(3) soliciting contributions, gifts, and bequests for the trust; and

(4) reimbursement to the Department of Revenue for the costs of establishing the trust.

(c) Realized net income that has not been appropriated, or that has been appropriated but not expended, shall be invested until appropriated and expended.

(d) Up to $150,000 per year may be appropriated from the principal of the trust for the administrative expenses of the board relating to AS 37.14.200 - 37.14.270.

Sec. 37.14.250. Grants.

(a) In awarding grants from the net income of the trust, the board shall consider the proposals of a qualified applicant only after the applicant has submitted a detailed proposal in the form prescribed by the board. The board may not award a grant unless the board makes written findings that

(1) the proposed project, if successful, will help prevent child abuse or neglect;

(2) the application for financial assistance contains an adequate plan for project implementation, including both financial feasibility and project effectiveness;

(3) the applicant demonstrates that sufficient technical expertise is available to accomplish the objectives of the proposed program or project;

(4) the applicant has identified costs associated with and ancillary to the project, additional governmental costs, future obligations generated by the program or project, and necessary operating, maintenance, or other support costs for the life of the program or project; and

(5) the applicant has included in the program or project proposal a plan for sustainability and self-sufficiency after the grant period.

(b) The board may establish other requirements for the award of grants under this section if necessary to carry out the purpose of the trust.

(c) The board shall award grants in amounts that

(1) are appropriate to the conditions of the applicant and the proposed program or project; and

(2) will make the most effective use of the money available.

(d) The board may not award grants to a single project or program for more than four years. The grant amount awarded by the board under this section may not exceed the following amounts for the years specified:

(1) for the first year for which the program or project receives a grant, 75 percent of the first-year costs of the program or project;

(2) for the second year of the project or program, 50 percent of the project's or program's first-year costs; and

(3) for the third and fourth years of the project or program, 25 percent of the project's or program's first-year costs.

(e) A recipient of a grant may not use more than 10 percent of the grant for administration of the program or project.

(f) To the extent consistent with the terms or conditions of the grant, a private or federal grant awarded to the board shall be distributed in the same manner as provided for grants under this section and AS 37.14.260 .

(g) The board may reduce or discontinue a grant awarded or distributed under this section at any time during the grant period if the project is not being successful in accomplishing its objectives, as determined by the board.

Sec. 37.14.260. Eligibility for grants.

The board may award a grant to an applicant if

(1) the applicant has submitted a proposal that is acceptable to the board; and

(2) programs and projects, if any, of the applicant that have previously received a grant from the board have complied with all requirements of that assistance and have performed with sufficient success or promise to warrant further financial assistance.

Sec. 37.14.270. Definitions.

In AS 37.14.200 - 37.14.270

(1) "board" means the Alaska Children's Trust Board;

(2) "child abuse and neglect" has the meaning given "child abuse or neglect" in AS 47.17.290 ;

(3) "prevention of child abuse and neglect" includes primary and secondary prevention programs; in this paragraph

(A) "primary prevention program" means an educational or training program intended to raise the awareness of and change attitudes concerning child abuse and neglect and its prevention;

(B) "secondary prevention program" means a service intended to reach high-risk groups and to prevent the occurrence or recurrence of child abuse and neglect;

(4) "trust" means the Alaska children's trust established in AS 37.14.200.

MEMORANDUM OF AGREEMENT
Between
THE ALASKA CHILDREN'S TRUST
And
THE FRIENDS OF THE ALASKA CHILDREN'S TRUST

RECITALS

The Alaska Children's Trust (Trust) is an entity of the government of the State of Alaska, established under ASS 37.14.225 - 37.14.270.

The Friends of the Alaska Children's Trust (Friends) is a non-governmental, private, non-profit organization dedicated to assisting the Trust achieve its objectives, principally through fundraising for the Trust and the dissemination of information concerning the Trust.

This agreement is entered into by both the Trust and the Friends for the purpose of establishing the relationship between them and to provide a framework under which the two organizations can best operate to accomplish their mutual purposes.

AGREEMENT

The Trust and the Friends agree as follows:

1. The Trust understands that the Friends exists to promote the Trust and facilitate the Trust in its pursuit of its mission. Bassed on this understanding, the Trust authorizes the Friends to use the name "Friends of the Alaska Children's Trust." This authorization is contingent on the Friends continued compliance with this agreement and the Friends' Articles of Incorporations and Bylaws. The Friends will not make any use of the name "Friends of the Alaska Children's Trust," or the connection between the two organizations, for any purposes not directly concerned with the purposes and mission of the Trust.

2. The Trust authorizes the Friends to undertake educational efforts on behalf of the Trust that further the purposes of the Trust, subject to prior approval of the Friends' efforts by the board of the Trust or its chairperson.
3. The Trust authorizes the Friends to raise funds in the name of the Trust, subject to prior approval of the fundraising plan by the board of the Trust or its chairperson. The Friends agree to conduct all fundraising efforts with decorum and in a manner appropriate to the mission of the Trust.
4. The Trust authorizes the Friends to engage in efforts on its behalf to procure private and federal grants to be deposited in the corpus of the Trust or administered by the Trust.
5. The Trust recognizes that the Friends will need to spend some of the money it raises. The Trust authorizes the Friends to spend reasonable amounts of the money it raises on administrative purposes, and for additional fundraising and educational campaigns. The Friends agree that it will never use any funds raised in the name of the Trust for awards to an entity engaged in the prevention of child abuse and neglect – awarding such grants is the sole province of the Trust. The Friends agree that it will deposit in the corpus of the Trust any funds raised with the expectation, on the part of the donor, that the full amount given or raised will be deposited in the corpus of the Trust.
6. At this time, the Friends do not intend to apply for grants from the Trust for the purpose of engaging in efforts to prevent child abuse and neglect. Should the Friends ever wish to apply to the Trust for a grant, it will first approach the Trust for a modification of this agreement.
7. The Friends may apply to the Trust for an award of a contract to further the mission of the Alaska Children's Trust. Nothing in this agreement would preclude the Trust from entering into a contract with the Friends for these purposes, if consistent with the requirements of AS 37.14.240 and AS 36.30 (State Procurement Code).

8. The Friends agree to timely turn over to the Trust any funds received that are intended to be added to the corpus of the Trust.
9. The Trust will appoint a member of the board to sit as a non-voting, ex-officio member of the board of the Friends. The Friends agree to allow the Trust board member to sit at all meetings of the board of the Friends and to provide timely notice of meetings.
10. The Friends will have a member of its board attend meetings of the board of the Trust as often as reasonably possible, but at least once a year. The Friends agree to submit to the annual meeting of the Trust a report of its activities during the previous year, including an accounting of all monies received by the Friends. The Friends also agree to present to the Trust board at its annual meeting a plan of action for the upcoming year. The plan should contain the Friends' strategies for fundraising in the coming year and for informational campaigns designed to further both the mission of the Trust and the efforts of the Friends. The plan should also contain a proposed budget.
11. The Trust agrees to support the efforts of the Friends to the fullest extent reasonably possible in light of the requirements of this agreement and the mission of the Trust.

(Deborah R. Benito)	(Carol Brice)
Signature of FACT chairperson	Signature of ACT chairperson

Date Signed: 3/27/01

RE-TYPED FOR LEGIBILITY 4/26/06

ABOUT THE GIVING PRACTICE

The Giving Practice is a program of **Philanthropy Northwest**, a respected, 30 year-old ***nonprofit*** association of foundations and grantmaking corporations in Washington, Oregon, Idaho, Montana, and Alaska. We make full use of our connections to grantmaking peers, resources, and contacts throughout the world.

Donors, trustees, foundation managers, and corporate community involvement staff all share a desire to make a difference in their communities, families, foundations, and companies. But every philanthropist is unique in focus and approach.

The Giving Practice can help you determine philanthropic practices that will work for you. We have no vested interest in how you structure your philanthropy—only that you find ways to be effective and enjoy your giving in the process.

We help our clients by:

- ***GETTING YOU GOING***
- ***PLANNING STRATEGICALLY***
- ***KEEPING YOU GOING***
- ***THINKING OF THE FUTURE***
- ***HELPING YOU TO BE EXTRAORDINARY***

Contact: Managing Partner and Philanthropy Northwest CEO Carol Lewis for more information at 206-443-8431.