

**HB**

**290**

<TARGET><BILL>HB 290</BILL><SUBJECT>HB  
290</SUBJECT><COMM>HFIN27</COMM></TARGET>

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: February 3, 2012

FURTHER REFERRALS:

Date of Committee Action: 4/5/12

The FINANCE Committee considered:

HB 290

**HOUSE BILL NO. 290**

"An Act creating the endow Alaska grant program in the Department of Commerce, Community, and Economic Development to encourage community development."

**HB 290-ESTABLISH ENDOW ALASKA GRANT PROGRAM**

Recommends it be replaced with  HCS or  CS for HB 290 (FIN)  
 For Senate Bills with new title:  Technical Title  New Title: HCR \_\_\_\_\_  Same Title  New Title

- attach amendments
- add new referral to \_\_\_\_\_ Committee
- Letter of Intent \_\_\_\_\_ Committee

List of Abbrev for Depts.:  
 ADM  
 CED  
 COR  
 CRT  
 EED  
 DEC  
 DFG  
 GOV  
 DHS  
 LWF  
 LAW  
 LEG  
 MVA  
 DNR  
 DPS  
 REV  
 DOT  
 UA

| NEW FISCAL NOTES                         |                 |        |        |      |
|--|-----------------|--------|--------|------|
| *FN# is assigned by Chief Clerk's Office |                 |        |        |      |
| *FN#                                     | List by Dept(s) | Fiscal | Indet. | Zero |
|  | CED             |        |        | ✓    |
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| PREVIOUS FISCAL NOTES |                 |        |        |      |
|-----------------------|-----------------|--------|--------|------|
| FN#                   | List by Dept(s) | Fiscal | Indet. | Zero |
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| Signing with recommendations | Printed Last Name | DP | DNP | NR | AM |
|------------------------------|-------------------|----|-----|----|----|
| <i>Anna Fairclough</i>       | FAIRCLOUGH        | ✓  |     |    |    |
| <i>[Signature]</i>           | Coane             | ✓  |     |    |    |
| <i>Jammie Nelson</i>         | T. Wilson         |    |     | ✓  |    |
| <i>[Signature]</i>           | COSTELLO          | ✓  |     |    |    |
| <i>[Signature]</i>           | Edgmon            | ✓  |     |    |    |
| <i>Nuke Doogan</i>           | DOOGAN            | ✓  |     |    |    |
| Chair: <i>[Signature]</i>    | Stoltz            |    |     | ✓  |    |
| Chair: <i>[Signature]</i>    | Thomas            | ✓  |     |    |    |

**CS FOR HOUSE BILL NO. 290(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SEVENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): REPRESENTATIVES AUSTERMAN, Joule, Thompson, Foster, Edgmon, Gara, Herron, Tuck, Peggy Wilson, Muñoz, Seaton**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act creating the endow Alaska grant program in the Department of Commerce,**  
2 **Community, and Economic Development to encourage community philanthropy."**

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

4 **\* Section 1.** AS 44.33 is amended by adding new sections to read:

5 **Article 2A. Endow Alaska Grant Program.**

6 **Sec. 44.33.150. Grants for community philanthropy.** The endow Alaska  
7 grant program is established in the Department of Commerce, Community, and  
8 Economic Development. To encourage community philanthropy in the state, the  
9 department may identify a statewide lead philanthropic entity that meets the  
10 requirements of AS 44.33.160 and grant the entity state funds that the entity may  
11 annually award to a community foundation or community foundation affiliate as  
12 endow Alaska grants to increase endowed funds, the purpose of which would be  
13 unrestricted.

14 **Sec. 44.33.160. Eligibility requirements for lead philanthropic entities and**

1 **grant recipients.** (a) To be eligible under AS 44.33.150, a lead philanthropic entity  
2 must be

3 (1) a nonprofit entity exempt from federal income taxation under 26  
4 U.S.C. 501(c)(3) (Internal Revenue Code);

5 (2) a statewide organization whose principal function is to make grants  
6 in the state; and

7 (3) a community foundation.

8 (b) Only a community foundation or a community foundation affiliate is  
9 eligible for a grant under AS 44.33.150 - 44.33.190.

10 **Sec. 44.33.170. Evaluating applications and awarding of grants.** (a) When  
11 evaluating applications for grants, the board of the lead philanthropic entity shall  
12 consider relevant factors including

13 (1) the need for financial assistance;

14 (2) the potential for future philanthropic activity in the community or  
15 geographic area that will benefit from the grant;

16 (3) the percentage of matching funding proposed;

17 (4) the opportunity to establish new community foundations or  
18 community foundation affiliates;

19 (5) the geographic diversity of the communities or geographic areas  
20 that will benefit from the grants; and

21 (6) other relevant factors as determined by the board.

22 (b) The board of the lead philanthropic entity may award endow Alaska grants  
23 to a community foundation or a community foundation affiliate that

24 (1) provides all information the board requires, including evidence of  
25 the existence of the community foundation or the community foundation affiliate;

26 (2) demonstrates, in a manner approved by the board, the ability to  
27 match state funding at a ratio of at least one-to-one; and

28 (3) provides a spending policy for distributing grant money to  
29 organizations within the community or geographic area as defined by the community  
30 foundation or the community foundation affiliate.

31 **Sec. 44.33.180. Limitations on grant amounts, awards, and administrative**

1 **costs.** Endow Alaska grants are limited as follows:

2 (1) grants may not exceed \$25,000 annually for each foundation or  
3 community foundation affiliate unless the grant will be used to benefit multiple  
4 boroughs or a region;

5 (2) only five percent of the grant funds received by the lead  
6 philanthropic entity may be used for administrative purposes by the lead philanthropic  
7 entity;

8 (3) state general funds may not be used as matching funds under  
9 AS 44.33.170(b) to qualify for a grant through the endow Alaska grant program.

10 **Sec. 44.33.190. Definitions.** In AS 44.33.150 - 44.33.190,

11 (1) "community foundation" means a tax-exempt, nonprofit,  
12 autonomous, publicly supported, philanthropic institution in the state composed  
13 primarily of permanent funds established by many separate donors for the long-term  
14 diverse, charitable benefit of the residents of a defined geographic area;

15 (2) "community foundation affiliate" means a group of five or more  
16 community leaders or advocates organized for the purpose of increasing philanthropic  
17 activity in an identified community or geographic area in the state who have  
18 established or intend to establish a community foundation affiliate endowment within  
19 an existing community foundation;

20 (3) "department" means the Department of Commerce, Community,  
21 and Economic Development;

22 (4) "lead philanthropic entity" means an entity identified by the  
23 department under AS 44.33.150 that meets the requirements of AS 44.33.160.

# FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

Bill Version CSHB 290 (CRA)  
Fiscal Note Number \_\_\_\_\_  
( ) Publish Date \_\_\_\_\_

Identifier (file name) HB290-DCCED-DCRA-03-28-12 Dept. Affected DCCED  
Title ESTABLISH ENDOW ALASKA GRANT PROGRAM Appropriation Community and Regional Affairs  
Allocation Community and Regional Affairs  
Sponsor Representative Austerman  
Requester House Finance OMB Component Number 2879

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

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

|                               | FY13<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY13<br>Request | Out-Year Cost Estimates |             |             |             |             |
|-------------------------------|------------------------------------|--|-------------------------|-------------|-------------|-------------|-------------|
|                               |                                    |  | FY14                    | FY15        | FY16        | FY17        | FY18        |
| <b>OPERATING EXPENDITURES</b> | <b>FY13</b>                        | <b>FY13</b>                                  | <b>FY14</b>             | <b>FY15</b> | <b>FY16</b> | <b>FY17</b> | <b>FY18</b> |
| Personal Services             |                                    |  |                         |             |             |             |             |
| Travel                        |                                    |  |                         |             |             |             |             |
| Services                      |                                    |  |                         |             |             |             |             |
| Commodities                   |                                    |  |                         |             |             |             |             |
| Capital Outlay                |                                    |  |                         |             |             |             |             |
| Grants, Benefits              |                                    |  |                         |             |             |             |             |
| Miscellaneous                 |                                    |  |                         |             |             |             |             |
| <b>TOTAL OPERATING</b>        | <b>0.0</b>                         | <b>0.0</b>                                   | <b>0.0</b>              | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  |

| FUND SOURCE  |                  | (Thousands of Dollars) |            |            |            |            |            |
|--------------|------------------|------------------------|------------|------------|------------|------------|------------|
| 1002         | Federal Receipts |                        |            |            |            |            |            |
| 1003         | GF Match         |                        |            |            |            |            |            |
| 1004         | GF               |                        |            |            |            |            |            |
| 1005         | GF/Prgm (DGF)    |                        |            |            |            |            |            |
| 1037         | GF/MH (UGF)      |                        |            |            |            |            |            |
| 1178         | temp code (UGF)  |                        |            |            |            |            |            |
| <b>TOTAL</b> |                  | <b>0.0</b>             | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

| POSITIONS |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |  |

| CHANGE IN REVENUES |  |  |  |  |  |  |  |
|--------------------|--|--|--|--|--|--|--|
|                    |  |  |  |  |  |  |  |

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**Why this fiscal note differs from previous version (if initial version, please note as such)**

This fiscal note is updated to reflect the changes made by the House Community and Regional Affairs Committee.

Prepared by Scott Ruby, Director  
Division Community and Regional Affairs  
Approved by JoEllen Hanrahan, Director of Administrative Services  
Commerce, Community, and Economic Development

Phone (907) 269-4569  
Date/Time 3/29/12 9:00am  
Date 3/29/2012

FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

BILL NO. CSHB 290 (CRA)

**Analysis**

Bill Summary: This bill would establish a new program, the Endow Alaska program. The program would identify a private non-profit as a Lead Philanthropic Organization. The state would provide funding to this entity which in turn would offer challenge grants to community foundations to help spur local philanthropy with a 1-to-1 match for every dollar raised.

The department would need to enact regulations to implement this program, and solicit, select, and award a grant to a Lead Philanthropic Organization on a yearly or periodic basis.

It is anticipated that the department can do this with existing staff resources.

27-LS1094\R  
Mischel/Kirsch  
4/3/12

*Adopted*  
*4/15/12*

**CS FOR HOUSE BILL NO. 290(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SEVENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVES AUSTERMAN, Joule, Thompson, Foster, Edgmon, Gara, Herron, Tuck,  
Peggy Wilson, Muñoz, Seaton**

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17 activity in an identified community or geographic area in the state who have  
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22 (4) "lead philanthropic entity" means an entity identified by the  
23 department under AS 44.33.150 that meets the requirements of AS 44.33.160.

# FISCAL NOTE

**STATE OF ALASKA**  
**2012 LEGISLATIVE SESSION**

Bill Version CSHB 290(CRA)  
 Fiscal Note Number 1  
 (H) Publish Date 2/6/12

Identifier (file name) HB290 Dept. Affected DCCED  
 Title Establish Endow Alaska Grant Program Appropriation Community & Regional Affairs  
 Allocation Community & Regional Affairs  
 Sponsor Representative Austerman  
 Requester House Community & Regional Affairs OMB Component Number 2879

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

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

|                               | FY13<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY13<br>Request | Out-Year Cost Estimates |             |             |             |             |
|-------------------------------|------------------------------------|--|-------------------------|-------------|-------------|-------------|-------------|
|                               |                                    |  | FY14                    | FY15        | FY16        | FY17        | FY18        |
| <b>OPERATING EXPENDITURES</b> | <b>FY13</b>                        | <b>FY13</b>                                  | <b>FY14</b>             | <b>FY15</b> | <b>FY16</b> | <b>FY17</b> | <b>FY18</b> |
| Personal Services             | ***                                | ***  | ***                     | ***         | ***         | ***         | ***         |
| Travel                        |                                    |  |                         |             |             |             |             |
| Services                      |                                    |  |                         |             |             |             |             |
| Commodities                   |                                    |  |                         |             |             |             |             |
| Capital Outlay                |                                    |  |                         |             |             |             |             |
| Grants, Benefits              |                                    |  |                         |             |             |             |             |
| Miscellaneous                 |                                    |  |                         |             |             |             |             |
| <b>TOTAL OPERATING</b>        | ***                                | ***  | ***                     | ***         | ***         | ***         | ***         |

**FUND SOURCE** (Thousands of Dollars)

|              |                  |     |     |     |     |     |     |     |
|--------------|------------------|-----|-----|-----|-----|-----|-----|-----|
| 1002         | Federal Receipts |     |     |     |     |     |     |     |
| 1003         | GF Match         |     |     |     |     |     |     |     |
| 1004         | GF               |     |     |     |     |     |     |     |
| 1005         | GF/Prgm (DGF)    |     |     |     |     |     |     |     |
| 1037         | GF/MH (UGF)      |     |     |     |     |     |     |     |
| 1178         | temp code (UGF)  |     |     |     |     |     |     |     |
| <b>TOTAL</b> |                  | *** | *** | *** | *** | *** | *** | *** |

**POSITIONS**

|           |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |  |

**CHANGE IN REVENUES**

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Estimated **SUPPLEMENTAL (FY12) operating costs** \_\_\_\_\_ (separate supplemental appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

Estimated **CAPITAL (FY13) costs** \_\_\_\_\_ (separate capital appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

**Why this fiscal note differs from previous version (if initial version, please note as such)**

The legislation does not specify an annual amount for appropriation to this program. Though the DCCED indicated in the previous fiscal note that they are able to execute the elements of the program without adding additional staff, it will require a state appropriation to the lead philanthropic entity.

Prepared by Terry Harvey  
 Division (H)CRA Committee  
 Approved by Rep. Munoz, (H)CRA Chair

Phone 465 5392  
 Date/Time 2/3/12 5pm  
 Date 2/3/2012

FISCAL NOTE #1

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

BILL NO. CSHB 290(CRA)

**Analysis**

Bill Summary: This bill would establish a new Endow Alaska Program. The program would identify a private non-profit as lead Lead Philanthropic Organization. The state would provide funding to this entity and they, in turn, would offer challenge grants to community foundations. These grants would be 1-1 matches for every dollar raised.



# Representative Alan Austerman

## House Majority Leader

### *Alaska State Legislature*

#### **Sponsor Statement for House Bill 290: Endow Alaska Grant Fund**

The purpose of the Endow Alaska program is to provide dollar for dollar challenge funds to support growth of community foundations around Alaska. Community foundations, through endowed funds, can support a breadth of social and cultural objectives in any community, and provide perpetual revenue streams one-time gifts. Research and practice show that matching funds—also known as challenge grants—make a meaningful difference in motivating donors. They have long been a cornerstone of fundraising strategies to enhance community giving.

HB 290 envisions an annual grant to a “lead philanthropic organization,” defined as a statewide organization that adheres to nationally recognized standards for charitable foundations. Under the program the lead philanthropic organization would, in turn, offer challenge grants to community foundations to help spur local philanthropy with a 1-to-1 match for every dollar raised. The result is that state dollars would leverage local giving, for a triple benefit: growing a culture of philanthropy in Alaska communities; improving communities’ self-reliance as a result; and creating a mechanism whereby single-year state appropriations can create perpetual financial tools to benefit to Alaskans.

Through HB 290, existing community foundations will have the opportunity to build their asset base and local support, and communities without existing foundations will have a valuable tool for getting endowed funds in place to support local priorities. Existing Alaska community foundations are numerous and spread throughout the state.

- Chilkat Valley Community Foundation (Haines/Klukwan)
- Jessica Stevens Community Foundation (Talkeetna and Upper Susitna Region)
- Kenai Peninsula Foundation
- Petersburg Community Foundation
- Seward Community Foundation
- The Homer Foundation
- The Juneau Community Foundation
- Arctic Slope Community Foundation (there are separate funds for each Arctic Slope community, as well)
- Chugiak/Eagle River Foundation
- Bethel Community Services Foundation
- North Star Community Foundation (Fairbanks area)

There are also another half-dozen communities in Alaska that are currently, actively exploring the establishment of local community foundations.

~ Representing Alaska State House District 36 ~

Akhiok | Igiugig | Iliamna | Karluk | Kodiak | Kokhanok | Larsen Bay | Levelock  
Newhalen | Nondalton | Old Harbor | Ouzinkie | Pedro Bay | Port Alsworth | Port Lions

February 2, 2012



# Representative Alan Austerman

House Majority Leader

*Alaska State Legislature*

## Bill Analysis

**Sec 44.33.150, page 1 lines 6 through 12** of the bill establishes the Endow Alaska Grant Program in the Department of Commerce, Community and Economic Development. It gives the department the power to grant state funds to a “lead philanthropic entity” in Alaska, to be further granted to community foundations and community affiliate organizations to build their permanent endowed funds.

**Section 44.33.160, page 1 line 13 through page 2 line 9** describes the requirements for an organization to be qualified as a “lead philanthropic entity” or a “community foundation” under this program.

**Section 44.33.170, page 2 lines 10 through page 3 line 5** describes factors that the lead philanthropic entity should consider when considering applications for funding; and describes the community foundations and community affiliate organizations that are eligible to receive funding.

**Section 44.33.80, page 3 lines 6 through 13** sets limits on the size and distribution of Endow Alaska grants, and describes the allowable administrative fees for the program.

**Section 44.33.190, page 3 lines 14 through 16** provides statutory definitions.



# **Representative Alan Austerman**

**House Majority Leader**

## ***Alaska State Legislature***

### **House Bill 290—Endow Alaska Changes from Version E to Version R**

The following changes were made after feedback from the House Finance Committee in the 3/29/12 hearing.

To address the concern about the definition and possible ambiguity of the term “community development” for the purposes of the program:

- Page 1 line 2 replaced “development” with “philanthropy”
- Page 1 line 6 replaced “development” with “philanthropy”
- Page 1 line 8 replaced “development” with “philanthropy”

To address concerns that factors for assessing eligibility for grants outlined in proposed Sec. 44.33.170 might appear to be “ranked”:

- Page 2, line 10: replaced “Ranking” with “Evaluating”
- Page 2, line 11: replaced “ranking” with “evaluating”

In addition, to ensure that matching funds for the purposes of the grant program are not from state sources, one more change was made to the bill.

- Page 3, lines 8 and 9, a new subsection (3) was inserted that reads: “State general funds may not be used as the matching funds for this program.”

## Alaska's Community Foundation Structure

### Independent Community Foundations

These foundations hold their own funds and bear fiduciary responsibility for them, and handle local grantmaking and fundraising.

- Alaska Community Foundation
- The Homer Foundation
- The Juneau Community Foundation
- Arctic Slope Community Foundation
- Chugiak/Eagle River Foundation
- Bethel Community Services Foundation
- North Star Community Foundation

Alaska Community Foundation (ACF) is the largest, holding funds from around the state

- Funds include **community foundation affiliates**
  - Affiliates have local boards that control grantmaking and identify local priorities, as well as lead local fundraising efforts.
    - Chilkat Valley Community Foundation (Haines/Klukwan)
    - Jessica Stevens Community Foundation (Talkeetna and Upper Susitna Region)
    - Kenai Peninsula Foundation
    - Petersburg Community Foundation
    - Seward Community Foundation
  - ACF has the fiduciary responsibility and handles the grants administration.
  - ACF also has **community foundation partners**
    - These are independent foundations (Homer Community Foundation and Juneau Community Foundation) that have deposited a portion of their endowments with the ACF.



# Representative Alan Austerman

## House Majority Leader

### *Alaska State Legislature*

Rep\_Alain\_Austerman@legis.state.ak.us

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### MEMORANDUM

DATE: March 29, 2012

TO: Representative Cathy Muñoz, Chair  
House Community & Regional Affairs

FROM: Representative Alan Austerman   
House Majority Leader

SUBJECT: Changes to House Bill 290 from Version B to Version E

The changes in Version E address issues that were raised by committee members on the January 28<sup>th</sup>, 2012, Community & Regional Affairs (C&RA) hearing, and additional issues that were raised while reviewing this bill with representatives of community foundations in Alaska, both in group and individual settings. Overall, the changes ensure that definitions and descriptions are consistent with current organizations and structures in Alaska. Other language that was unclear or confusing in the Alaska context was deleted or changed.

Additionally, some changes address policy level issues. These include:

- Clarifying that funds granted to community foundations and community foundation affiliates are meant to grow their *unrestricted endowed* funds.
- Removing the requirement that grantees demonstrate substantial compliance with the national standards of the National Council on Foundations.

A detailed list of changes is included in this memo.

~ Representing Alaska State House District 36 ~

Akhiok | Igiugig | Iliamna | Karluk | Kodiak | Kokhanok | Larsen Bay | Levelock  
Newhalen | Nondalton | Old Harbor | Ouzinkie | Pedro Bay | Port Alsworth | Port Lions

Regarding the policy level changes, committee members may want to consider the following points. First, my intent in proposing this legislation has been to help build the *permanent endowed funds* held by community foundations. A community foundation may hold a large number of component funds, ranging from those that provide annual scholarships for students to those providing support to specific sports programs to those addressing support for families impacted by specific medical conditions. Not all funds within a community foundation are necessarily endowed, and not all can be applied broadly to the changing needs of a community. For the purposes of HB 290, though, I feel it is important to be clear that the purpose of these funds is to provide perpetual, broad-based benefit for Alaska communities.

Second, Version B of HB 290 as it was introduced included a requirement that eligible community foundation and affiliate grantees show “substantial compliance with the national standards of the National Council on Foundations.” This language was originally taken from the Endow Iowa statute. I and my staff have continued to discuss this provision with community foundation representatives around the state. As a result of these conversations, it is my recommendation that we remove this provision, for the following reasons:

- Only two of the community foundations currently operating in Alaska—the Alaska Community Foundation and the Homer Foundation—have pursued the Council on Foundations (COF) standards confirmation. This does not mean that other community foundations do not meet these standards—just that they have not gone through the COF confirmation process. The timeline for achieving standards is estimated by COF at 480 to 750 days.
- By mandating that grantees have this confirmation of standards, we essentially are mandating that these organizations engage in a certification process with a third party entity in order to access funds.
- It is my expectation that the lead philanthropic entity, through its due diligence process, would be reasonably equipped to determine whether an organization is a functioning community foundation or not.
- For practical purposes, the majority of current or future community foundations in Alaska function or likely will function as affiliates of the Alaska Community Foundation, in whom the state has already vested its trust by transferring the Alaska Children’s Trust to it.

In summary, I believe this requirement acts as a barrier to Alaska communities, and provides minimal benefit to the State.

#### Detailed Changes from Version B to Version E

##### Sec. 44.33.150

- Added language to clarify that grants under this program are for the purpose of growing unrestricted endowments

##### Sec. 44.33.160

- Deleted language (Version B, page 2, lines 5-6) that was taken from the Iowa legislation but did not accurately describe Alaska organizations.
- Deleted subsection (b) (Version B, page 2, lines 7-9) to remove the requirement for Council on Foundations national standards compliance.

Sec. 44.33.170

- Throughout the section, replaced “community affiliate organization” with “community foundation affiliate” to more clearly describe the organizations in Alaska.
- Deleted subsection (a)(4) (Version B, page 2, lines 17-18) to remove ambiguous language.
- Inserted language (Version E, page 2, lines 16-17) to clarify that funds should be used to help in the creation of new community foundations as well as the growth of existing ones.
- Replaced language in Version B that described a “plan for distributing grant funds” (p . 2, line 31) with language that describes a “spending policy” per the recommendation of community foundation representatives.
- Deleted subsection (b)(4) (Version B, page 3, lines 3-5) to remove possible conflicts with Sec. 44.33.190(1) (Version E, lines 7-8).

Sec. 11.33.180

- Replaced “organization” with “foundation affiliate” to more clearly describe the organizations in Alaska.
- Deleted subsection (2) which had specified that no more than five grants could be received within a single borough in a year.

Sec. 11.33.190

- Re-ordered sections (1) and (2) to correspond with the hierarchy of community foundations and their affiliates.

### Information on Endow Iowa and Endow Kentucky.

**Endow Iowa** operated a grant program such as is envisioned in Alaska, as well as a tax credit program. The grant program was defunded after 5 years, once community foundation infrastructure was strengthened and contributions started to take off. The tax credit remains in place.

#### Grant Program Results:

|  | Challenge Amount | Number of Grants |
|--|------------------|------------------|
| 2005   | \$50,000         | 6                |
| 2006   | \$50,000         | 3                |
| 2007   | \$50,000         | 3                |
| 2008*  | \$50,000         | 4                |
| <i>* After 2008, the program transitioned to tax credit only</i> |                  |                  |

#### Program Successes (Grant plus Tax Credit)

- From program inception, grew from 20 community foundations to more than 130 today
- From June 2010 through 2011 endowed funds grew by \$100 million

*Note:* In a Transfer of Wealth Study, it was estimated that through probate estates alone, from 2020-2049, \$531 billion will transfer hands in Iowa.

**Endow Kentucky** is a tax-credit only program. It was enacted a year ago, and this is the first fiscal year in which it has operated. As of year-end 2011 (six months in to program operation) the amount allocated to match tax credit contributions to community foundations was \$261,010, meaning community foundation endowments had grown by more than \$520,000.

## **Alaska's Community Foundation Structure**

### Independent Community Foundations

These foundations hold their own funds and bear fiduciary responsibility for them, and handle local grantmaking and fundraising.

- Alaska Community Foundation
- The Homer Foundation
- The Juneau Community Foundation
- Arctic Slope Community Foundation
- Chugiak/Eagle River Foundation
- Bethel Community Services Foundation
- North Star Community Foundation

Alaska Community Foundation (ACF) is the largest, holding funds from around the state

- Funds include **community foundation affiliates**
  - Affiliates have local boards that control grantmaking and identify local priorities, as well as lead local fundraising efforts.
    - Chilkat Valley Community Foundation (Haines/Klukwan)
    - Jessica Stevens Community Foundation (Talkeetna and Upper Susitna Region)
    - Kenai Peninsula Foundation
    - Petersburg Community Foundation
    - Seward Community Foundation
  - ACF has the fiduciary responsibility and handles the grants administration.
  - ACF also has **community foundation partners**
    - These are independent foundations (Homer Community Foundation and Juneau Community Foundation) that have deposited a portion of their endowments with the ACF.

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