

**SB**

**225**

<TARGET><BILL>SB 225</BILL><SUBJECT>SB  
225</SUBJECT><COMM>SCRA27</COMM></TARGET>



# Senator Donald C. Olson

## *Alaska State Legislature*

### **Sponsor Statement for Senate Bill 225: 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.

SB 225 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 SB 225, 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.

# FISCAL NOTE

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

Bill Version SB 225  
 Fiscal Note Number \_\_\_\_\_  
 () Publish Date \_\_\_\_\_

Identifier (file name) SB225-DCCED-DCRA-03-16-12 Dept. Affected DCCED  
 Title ESTABLISH ENDOW ALASKA GRANT PROGRAM Appropriation Community and Regional Affairs  
 Allocation Community and Regional Affairs  
 Sponsor Senate Community & Regional Affairs  
 Requester Senate Community & Regional Affairs OMB Component Number 2879

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

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

	FY13 Appropriation Requested	Included in Governor's FY13 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>

<b>FUND SOURCE</b>		(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>

<b>POSITIONS</b>							
Full-time							
Part-time							
Temporary							

<b>CHANGE IN REVENUES</b>							

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)**

Initial version

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Phone (907) 269-4569  
 Date/Time 3/18/12 11:15am  
 Date 3/18/2012

FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

BILL NO. SB 225

**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 one-to-one 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.

A capital appropriation is necessary to provide funding for the department to make grants under this program. The capital appropriation amount is unknown at this time.



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#### Bill Analysis

**Sec 44.33.150, page 1 lines 6 through 13** 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 14 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 2 line 29** 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 44.33.180, page 2 lines 30 through page 3 line 6** 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 7 through 20** provides statutory definitions.

## 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.

### 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.