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EXECUTIVE DIRECTOR

- ✧ Panu Lucier

Alaska Parent Line
1-800-643-KIDS (5437)

**FACT is a 501(c)(3)
organization. Tax ID#**
91-1765129

February 11, 2008

Dear Supporters of the Alaska Children's Trust:

This message comes to you from the Trustees of the Alaska Children's Trust (ACT) and the Board of Directors of the Friends of the Alaska Children's Trust (FACT). FACT is a 501(c)(3) non-profit organization established to raise funds and advocate for the mission of the Alaska Children's Trust. The intent of this letter is to communicate with Trust supporters about the recent efforts to strengthen the work of the Alaska Children's Trust and answer some of the questions that have been raised about those efforts.

Over the past two years, the volunteer leadership at ACT and FACT has engaged in activities to assess the effectiveness of the Trust in accomplishing its mission and to plan for the future of the Trust including how FACT can help to accomplish that mission. These activities included strategic planning facilitated by Dennis McMillian and Laurie Wolf from the Foraker Group, research on the structure of children's trusts in other states, and an organizational assessment completed by The Giving Practice (Philanthropy Northwest). The result of these activities was a joint restructuring committee formed to address the existing structure of the Trust and make recommendations for the future. In March of 2006 the ACT board, based on the recommendations of the Giving Practice, agreed to remain within state government and work on legislation and organizational changes with state government to address efficiency.

In July of 2007 the Friends of the Alaska Children's Trust (FACT) urged the Alaska Children's Trust board to revisit the idea of privatization of the Trust. They felt that:

- Under the current structure, FACT is unable to accomplish its primary purposes, which are to raise funds and advocate for the Alaska Children's Trust. Donors do not want to make contributions to the State, FACT is not able to guarantee donor intent is honored, and FACT Directors are not willing to raise money that may or may not be used as donors intend.

The ACT trustees agreed to meet and re-discuss the idea of privatization. Their general concerns with the current structure follow:

- Unless significant changes are made, the current administrative structure of the Trust within the State does not allow for reliable, stable budget funding for grant-making.
- Given the Trust's small operating budget and the size of grant awards, many community based organizations that are well poised to offer community-based solutions are unlikely

- to apply because of the administrative burden relative to the small size of grant awards.
- The Trustees believe a more streamlined and simplified administrative structure would greatly enhance the Trust's ability to pursue its mission efficiently and effectively.
- While the Trust greatly benefits from gubernatorial appointment of trustees, it would also benefit from expanding the size of the board. A combination of gubernatorial appointees and self-appointed board members would ensure both the adequate oversight of the public dollars and individuals who are able to actively engage in promoting the mission of the organization.

At the October 15, 2007 special meeting of the ACT board the following motion passed by majority vote:

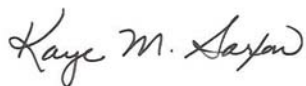
Contingent upon successful legal review, the Trustees of the Alaska Children's Trust, with the support of the Friends of the Alaska Children's Trust recommend to the Governor and the Alaska Legislature that the Alaska Children's Trust be privatized. This recommendation is based on two years of analysis and deliberation and in the belief that the mission of the Trust to prevent the abuse of Alaska's children would more effectively and efficiently be carried through a private entity, and that the Trust will be more successful in attracting new private donations as a non-governmental entity. It is the intent of the Trustees that the current governance structure of the Trust remain intact, i.e. that the Governor of Alaska continue to appoint a majority of trustees and that the Commissioners of the Departments of Health and Social Services and Education and Early Development remain ex-officio, voting members of the Trust. It is further the intent of the Trustees that the Trust funds be transferred to a designated fund at the Alaska Community Foundation to be governed by the gubernatorially appointed ACT board.

Subsequent to this decision to support privatization of the Trust, ACT received a legal opinion from the Legislative Affairs Agency for the State of Alaska, which stated, "Privatizing the fund would require a repeal of the fund and some transfer provision for the existing principal." With this opinion in mind, the restructuring committee sought to formulate legislation that would preserve the present revenue sources and allow for State oversight of the funds through a Governor-appointed board. Senator Bettye Davis kindly agreed to introduce legislation to privatize the Alaska Children's Trust.

Unfortunately as you may have seen, in an effort to meet pre-file deadlines, the legislation was inadvertently submitted before language was formulated to meet our intent. We, like many of you who have expressed concerns over the legislation, do not support the bills as currently written. Senator Davis has directed her staff and legal services to draft legislation that not only preserve the assets of the Trust to support programs that address child abuse awareness and prevention but retains state influence through the Governors appointment of a majority of board members and preserves the present revenue sources of license plates and birth and death certificate for the trust.

We welcome your questions and comments and appreciate your continued support of the Alaska Children's Trust. If you have questions or concerns please contact the ACT's Executive Director, Panu Lucier at (907) 248-7676 or toll-free at 1-800-643-5437 (select option #2) or via email at: akchildrenstrust@alaska.net

Sincerely,



Kaye M. Saxon
ACT Chair



Carley Lawrence
FACT Chair