

## Fund Source Report

### 1025      Sci/Tech      Science & Technology Endowment Income

<b>Year Authorized</b> 1988	<b>Year Repealed</b> 2003	<b>Active?</b> No	<b>Mental Health?</b> No	<b>Duplicated?</b> No	<b>Fund Group</b> Designated General
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No Appropriations during last 10 years

#### Legal Authority

AS 37.17.030

#### Source of Revenue

Consists of income of the Science and Technology Endowment. Although not formally repealed, the enabling statute lost relevance when the endowment principal was appropriated to the general fund at the end of FY03.

#### Restrictions on Use

Income cannot be spent without an appropriation. Administrative expenses shall be paid from the income of the endowment. The legislature may appropriate income of the endowment for expenses of the Alaska Aerospace Development Corporation and the agricultural and forestry experiment station research centers of the University of Alaska. Other income is to be distributed through competitive grants or paid into the principal of the endowment.

#### Description and History

The Alaska Science and Technology Foundation (ASTF) and the associated endowment were formed by the Governor and the Alaska State Legislature in 1988 with an initial investment of \$100 million. The mission of ASTF is to enhance the development of science and technology for the direct benefit of Alaskans.

By statute, ASTF is responsible for developing, funding, and monitoring grant programs for basic and applied research. Funded projects are expected to substantially contribute to the economic development of the State, the health and well being of its citizens, the enhancement and promotion of innovation in telecommunications, and/or the sustained growth and development of the States scientific and engineering capabilities.

The Alaska Science and Technology Endowment Fund (the Endowment) was created to provide financial support to the ASTF. By statute, the Endowment is to be held and invested by the Alaska Permanent Fund Corporation under the same investment rules as the Fund itself. All income and capital gains of the endowment are excluded from the computation of permanent fund dividends.

Net income (excluding capital gains) of the Endowment is distributed to the Foundation (if appropriated). One-half of net realized capital gains may also be appropriated to the foundation using this code. The apparent intent of AS 37.17.030 is that one-half of annual capital gains be added to principal, but that action requires an appropriation. Historically, all income and all capital gains have been appropriated to the foundation (except for one early deposit of capital gains to principal). The foundation also improperly spent endowment principal (no appropriation) when investment returns were insufficient to support grants in FY02.

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Grantees able to make a profit are to return a portion of that profit to the foundation. Such returns are to be deposited to principal (with an appropriation) and may not be withdrawn. Deposits were made from FY97 through FY03, but without an appropriation. Those deposits were ratified in the FY03 supplemental bill.

During the FY04 budget process, the legislature appropriated the endowment balance to the general fund on the last day of FY03, effectively terminating the Foundation.

See code 1176, Science and Technology Endowment