

ALASKA

Methodist

U.

ALASKA ANTHROPOLOGICAL ASSOCIATION

PRESIDENT

WILLIAM WORKMAN
3310 E. 4th St. Anchorage

BOARD OF DIRECTORS

KERRY FELDMAN - UA-Anchorage
FREDERICK MILAN - UA-Fairbanks
WALLACE OLSON - Juneau-Douglas Community College
G. RICHARD SCOTT - UA-Fairbanks
ANNE SHINKWIN - UA-Fairbanks

April 29, 1976

Senator Frank R. Ferguson
Pouch V
State Capitol
Juneau, AK 99811

Dear Senator Ferguson:

At the Third Annual Meeting of the Alaska Anthropological Association recently held in Anchorage, considerable concern was expressed over the present deplorable condition of the facilities housing the irreplaceable collections of the University of Alaska Museum in Fairbanks. This concern was expressed in the following resolution which I am charged with transmitting to you.

"Be it resolved that the Alaska Anthropological Association fully supports the University of Alaska Museum bond issue which should be reinstated."

Over the years in its capacity as a public repository, the University of Alaska Museum has acquired priceless holdings representing the material culture of the State's native peoples of the recent and remoter past in addition to other scientifically valuable collections in geology, biology, etc. To the scientist, these collections are valuable working documents, to Alaska natives and the public at large, they are unique heritage resources and sources of pride and enlightenment. It is in everyone's interest that they be adequately housed and held in trust for future generations. Intolerable is a strong word, but it is the only one fitting to describe present conditions, which preclude minimal safekeeping to say nothing of adequate utilization of these State treasures.

As shareholders in this endangered heritage, we respectfully request that you take the necessary steps to protect these irreplaceable resources. Reintroduction of the deleted bond item to next fall's ballot would seem to be the most timely and reasonable course of actions.

Sincerely,



William B. Workman, President
Alaska Anthropological Association

WBW/kp

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PARKS

323 E. 4TH AVENUE
ANCHORAGE 99501

JAY S. HAMMOND, GOVERNOR

April 22, 1976

Honorable Chancy Croft
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Croft:

At its Spring 1976 meeting held in Fairbanks on April 20-21, the State Historic Sites Advisory Committee passed the following resolution.

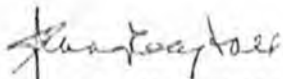
WHEREAS the Governor of the State of Alaska has appointed this Committee pursuant to AS 41.35 for the purpose of providing necessary assistance to the Governor and the Legislature for achieving balanced and coordinated state policies and programs for the preservation of the state's historic, prehistoric and archaeological resources; and

WHEREAS it has been brought to the attention of the Committee by the Alaska Anthropology Association that a critical need exists for construction of a new museum facility on the University of Alaska, Fairbanks, campus to house one of the outstanding collections of materials relating to Alaska's history and prehistory;

THEREFORE the Governor of the State of Alaska and the Alaska State Legislature are respectfully requested to give the voters of Alaska the opportunity to approve construction of such a facility by bond issue.

As instructed by the Committee, I am forwarding the resolution.

Sincerely,



Russell W. Cahill
Director of Parks
and State Historic Preservation Officer

RWC/WSH/ml

cc: State Legislators



**Alaska
Nurses
Association**

523 West Eighth Street
Room III
Anchorage, Alaska 99501

... a constituent of American Nurses' Association

TO: Alaska Legislators

FROM: Lucille M. Garrison, R.N.
Executive Director

DATE: April 21, 1976

We ask your support for the orderly transfer of Alaska Methodist University College of Nursing, Alaska's only Baccalaureate Nursing Degree Program, to the University of Alaska, Senior College in Anchorage at the conclusion of this Spring 1976 semester.

Transfer at this time will provide for:

1. Continuation without loss of time for 229 students (63 RN's and 156 generic student nurses) in Anchorage, Fairbanks and Sitka programs.
2. Allow for continuation of the Satellite Baccalaureate Programs for Registered Nurses to pursue a degree in Fairbanks and Sitka.
3. Continuity of the Continuing Education Department which provides post-professional educational programs to nurses throughout the state.
4. Orderly transfer to University of Alaska of \$361,800 per year in federal grants for special programs including:
 - a. Community Mental Health Educational Programs
 - b. Nurse Practitioner Educational Programs
 - c. Nurse Leadership Educational Programs
5. Orderly transfer of State Nursing Grant
6. Allow for orderly planning of the curriculum changes needed to integrate the Baccalaureate Nursing Programs into the University of Alaska system.
7. Continuation of accreditation process so that National League for Nursing can accredit the Program by Spring of 1977.
8. Allow for planning to maintain Program accreditation by the Alaska Board of Nursing.

The Association further recommends that:

1. The College of Nursing maintain autonomy in the preparation and administration of its budget and curriculum.
2. The Dean of the College of Nursing be directly responsible to the Academic Dean of the Senior College, University of Alaska.

3037 Knik Avenue

Anchorage, AK 99503

26 April 1976

Frank Ferguson, Chairman
Health, Education & Social Services
The Senate
State of Alaska
Juneau, AK

Dear Mr. Ferguson

Regarding the close down of Alaska Methodist University, I wish to express my support of the alternative of a complete merger of the institution with the University of Alaska, Anchorage system. This seems most definitely to be the most positive viable solution.

Failing a complete merger being enacted upon I wish to remark in favor of two instructors at A.M.U. under whose direction I have studied and for whom I have much respect and appreciation. These professors are: Dr. William Workman, professor of Anthropology and Mrs. Yamamoto, teacher of Japanese language and Japanese literature.

Dr. Workman's most authoritative specialization in Arctic Archeology, his fine teaching ability and his leadership in field excavation has in past years been esteemed in this State and, as evidenced by the numbers of U.A.A. students who have enrolled in his courses through the Consortium agreement with A.M.U., who have in fact formed the majority in his classes, he is undoubtedly needed here in Anchorage.

Mrs Yamamoto is the only college-level Japanese language teacher in Anchorage. She is a fine and most conscientious instructor. Because of the consistent contact between Japanese and Alaskans and the eminent intensification of this interaction it seems imperative that the opportunity for Anchorage residents to learn or continue learning Japanese be available here.

I request that the legislature reorganize the Anchorage University system promptly and that regardless of the general decisions regarding A.M.U., that Dr. Workman and Mrs Yamamoto be offered positions at U.A.A. for the benefit of Anchorage students and Alaskans as a whole

Thanking you in anticipation, Yours sincerely

P. English
Pauline English

Form 01-006

STATE OF ALASKA
OFFICE OF THE GOVERNOR

TO: Department of

- Administration
- Commerce & Econ. Develop.
- Community & Regional Aff.
- Education
- Env. Conservation
- Fish and Game
- Health & Social Svcs.
- Highways
- Labor
- Law
- Military Affairs
- Natural Resources
- Public Safety
- Public Works
- Revenue

ATTN:

Sen. Ferguson

- Return letter w/draft
- Return letter w/comment
- Reply direct
- Your information
- Call me
- Appropriate action
- As requested
-

REMARKS:

From:

Ine Ine Date: 4-26

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 26, 1976

Valerie Lemieux
30-34 1G Cherry Drive
Elmendorf AFB, Alaska 99506

Dear Ms. Lemieux:

Governor Hammond has asked me to thank you for the telegram representing student opinions on the .MU issue.

I am enclosing a copy of the Governor's letter to President Hiatt of the University of Alaska in which he outlines his corrections about the student issues. While the Governor has stated that the faculty-student issues should not be coupled with the purchase issue, I can assure you that those are of genuine concern to him.

Thank you again for your correspondence. I shall share it with others to assist in making your wishes known.

Sincerely,

Sue S. Greene
Special Assistant
to the Governor

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 26, 1976

John Griffin
4530 East 7th
Anchorage, Alaska 99504

Dear Mr. Griffin:

Governor Hammond has asked me to thank you for the telegram representing student opinions on the AMU issue.

I am enclosing a copy of the Governor's letter to President Hiatt of the University of Alaska in which he outlines his corrections about the student issues. While the Governor has stated that the faculty-student issues should not be coupled with the purchase issue, I can assure you that those are of genuine concern to him.

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Sue S. Greene
Special Assistant
to the Governor

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 26, 1976

Associated Students
Alaska Methodist University
Box 819
Anchorage, Alaska 99504

Dear Associated Students:

Governor Hammond has asked me to thank you for the telegram representing student opinions on the AMU issue.

I am enclosing a copy of the Governor's letter to President Hiatt of the University of Alaska in which he outlines his corrections about the student issues. While the Governor has stated that the faculty-student issues should not be coupled with the purchase issue, I can assure you that those are of genuine concern to him.

Thank you again for your correspondence. I shall share it with others to assist in making your wishes known.

Sincerely,

Sue S. Greene
Special Assistant
to the Governor

TELEGRAM
ALASKA COMMUNICATIONS, INC.
PHONE: 555-6440
JUNEAU, ALASKA 99801

Jim

APR 15 PM 9 50

02 124 M ANCHORAGE ALASKA 369 04-15 628P AST
PMS GOVERNOR JAY HAMMOND
JUN 2759

AS FURTHER ATTENDANCE OF AMU IS NEITHER FEASIBLE OR
DESIREABLE WE THE STUDENTS RESPECTFULLY REQUEST THAT CERTAIN
QUESTIONS CONCERNING OUR FUTUR BE RESOLVED BEFORE THE END
OF SPRING SEMESTER APRIL 29TH 1976 AND NOT BE TIED TO SALE
OF AMU PROPERTIES.

1. WE FEEL THAT ALL CURRENT AMU FULL TIME OR PART TIME
STUDENTS BE ACCEPTED IN THE UNIVERSITY OF ALASKA SYSTEM
WITHOUT FORMAL APPLICATION.
2. THAT CURRENT AMU JUNIORS AND SENIOR STUDENTS AMU STUDENTS
WHO HAVE A COMPOSITE OF 60 OR MORE CREDIT HOURS AS OF MAY
1ST 1976 BE PERMITTED TO GRADUATE UNDER AMU CATALOG REQUIREMENTS
AND RECEIVE AN APPROPRIATE UNIVERSITY OF ALASKA DEGREE.
STUDENTS MUST APPLY FOR A DEGREE PROGRAM BY SEPTEMBER 1976.
THE DEADLINE FOR DEGREE COMPLETION UNDER AMU CATALOG
REQUIREMENTS.

WILL BE THE END OF SPRING SEMESTER 1978.

3. THAT PROVIDED AMU RESIDENTS ARE UTILIZED AS SUCH BY THE
UAA ALL AMU STUDENTS WHO ENROLL AT UAA WHO WERE RESIDING ON
CAMPUS BE PERMITTED TO CONTINUE TO DO SO UNTIL GRADUATION
AND THAT THOSE ON STUDENT HOUSING WAITING LISTS AS OF MAY 1
1976 BE GIVEN THE RIGHT OF FIRST REFUSAL ON HOUSING
VACANCIES AS THEY OCCUR UNTIL THEIR GRADUATION. THESE
PROVISIONS HOWEVER ARE NOT TO BE CONSTRUED AS RESTRICTING
IN ANY WAY THE NORMAL EXERCISE OF DISCRETION BY UAA IN CASES
WHERE STUDENTS VIOLATE STANDARDS OF BEHAVIOR REQUIRED BY UAA.

4. THAT ALL STUDENTS AT AMU PRESENTLY RECEIVING FINANCIAL
AID WHO ENROLL AT UAA BE TREATED ON THE SAME BASIS AND
CONTINUING UAA STUDENTS. EVERY EFFORT WILL BE MADE BY THE UAA
AND AMU TO CONTINUE THE LEVEL OF FINANCIAL AID FOR STUDENTS
NOW AVAILABLE IN THE ANCHORAGE AREA.

5. AMU CREDITS SHOULD BE TRANSFERRED FOR EQUIVALENT CREDIT
AT U OF A.

6. CREATION OF A TRANSITION OFFICE FOR HELPING STUDENTS TO
TRANSFER INTO THE U OF A SYSTEM.

7. ALL TRANSCRIPTS AND RECORDS BE CARRIED OVER TO THE U OF A
SYSTEM AS QUICKLY AS POSSIBLE.

BRUCE CAZARAY, SHERRY PALKER, DAVID STONE,
MICHAEL WOELKERS REPRESENTING THE ASSOCIATED STUDENTS
OF ALASKA METHODIST UNIVERSITY BOX 819 ANCHORAGE AK 99504

TELEGRAM

ALASKA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

Sue

1976 APR 21 PM 11 31

02 119 POM ANCHORAGE ALASKA 15 04-21 820P AST

PMS GOVERNOR JAY HAMMOND

JUN **3238**

SUPPORT FUNDING FOR COLLEGE NURSING TO U OF A

JOHN GRIFFIN 4530 EAST 7TH ANCHORAGE 99504

TELEGRAM

ALASKA ALASKA COMMUNICATIONS, INC

PHONE: 586-6440

JUNEAU, ALASKA 99801

1976 APR 21 AM 1 53

02 068 POM TDA ELMENDORF AFB ALASKA 15 04-20 0940P AST

PMS GOV HAMMOND

JUN **3098**

PLEASE TRANSFER AND FUND THE AMU BACCALAUREATE NURSING

PROGRAM TO THE UNIVERSITY OF ANCHORAGE ALASKA

VALERIE LEMIEUX A J SENIOR 32-34 1G CHERRY DR ELMENDORF

AFB ALASKA 99505

Donn Liston
P.O. Box 1971
Anchorage, AK 99510
277-2997 or 278-4622

Learning From AMU

The present Alaska Methodist University dilemma appears to be the result of misplaced values and lack of direction by the Board of Trustees. The original reason for gaining land from the Federal government was for educational purposes. Unfortunately, the Trustees have since then become so obsessed with maintaining possession of the physical plant that educational needs have been relegated to second order importance.

The Trustees and the State of Alaska are both learning about how higher education must change to accommodate our modern rapid-change society. Such education does not have to occur in classrooms and books alone but may instead include a knitting together of experience with theory. Sometimes, in fact, reality is a much more immediate and significant aspect of the learning process, as both the AMU Trustees and the State are presently finding out.

The most recent proposal for sale of certain land and facilities is a poorly conceived effort to get the State of Alaska to subsidize AMU over a seven-year period. Artificial life-support systems, including a \$200,000 per month mortgage on the facility would then be paid by AMU. However, AMU would have no permanent faculty and it would have exclusive rights to use of the facility should some kind of make-shift program develop. Other provisions of the proposal call for release of all previous agreements

with the University of Alaska and the opportunity to buy back the land and buildings anytime during the sale period.

The AMU Trustees have overplayed their hand and it's time a serious arrangement was made to provide educational opportunity using the AMU facilities. Most likely this would have to be outside of the University of Alaska, although it may be possible to establish it as an element of the U of A with certain autonomy. On the other hand, reverting the land back to public domain once the Trustees can no longer justify holding it for educational purposes might be a fall-back position worthy of consideration. Upon acquisition of the facility, perhaps the State could embark upon an innovative program of experiential education which would truly serve the people of Alaska.

There is an increasing need for such an experiential learning center and community awareness resource hub for the state. The need is manifesting itself in an increasing number of non-profit community-oriented organizations which have emerged in recent years. Community Councils, Community Schools, the Alaska Center for the Environment, Rural CAP, Community Enterprise Development Corporation, Alaska Public Interest Research Group (AkPIRG), Alaska Women's Resource Center, Community Publications, Inc., the Alaska Native non-profit corporations and others might interface resources while providing a framework for high quality experiential

learning programs which might even lead to degrees which have substance and utility in a rapidly changing society. Such programs as the University Year for Action, which presently has some 50 students working and learning throughout the state, might establish a comprehensive program geared to development of human resources within the Alaska community matrix.

As an alumni of AMU, who worked full-time during my three years at the University of Alaska and two years at AMU, I feel it is time to reconsider our priorities if education is to mean furthering the abilities of persons in our society so that they may make decisions and foster human enhancement. AMU is an anacronism which does not need to be maintained at public expense if it cannot fulfill its educational objectives under its present organization. Furthermore, the proposal which has been made is not worth serious consideration, except as the Trustees come to realize their responsibility to the people of Alaska first, and a mechanism developed to foster education instead of continuation of archaic notions which hamper rather than promote common good. This may only be required by State acquisition of AMU and establishment of certain requirements for use of the facility.

Governor Hammond
April 2, 1976
Page Two

with considerable independence, for example, I looked more closely into recent and oft-repeated cries for "autonomy". I found they were generally based on motives quite different from those expressed. The claim that "everything is controlled by Fairbanks" is often an excuse to cover up local administrative and other failings. It is also true that no element of the University feels it has enough support and most believe that other elements are receiving more than they should. For example, my mail bristles with letters accusing the Board of Regents of moving everything to Anchorage.

So on this first point, Governor, I hope that members of your staff and concerned legislators will hesitate and check the urge to solve problems until each truly knows the problems exist or that proposed solutions can really work. Lack of understanding and knowledge in past years produced hasty and ill-conceived programs to "save" AMU that actually contributed to its demise.

The second concern you raise is a general sentiment of doubt, confusion and mistrust about the University, a phenomenon that has bothered me for some time. You make the good suggestion that we conduct an internal management and efficiency review.

It has been apparent to us for more than two years that a large part of the confusion and mistrust stems from two basic problems. The first is the explosive growth of the University. When I first came on the Board of Regents in 1969, the operating budget was less than 10 million dollars from state appropriations. This year the request is for more than five times that amount, and the total budget exceeds 100 million dollars -- far more than the entire budget of the State for the first several years following statehood. Many people within the University and without have hardly had time to catch their breath, much less figure out where they fit within the entire system.

Governor Hammond
April 2, 1976
Page Three

This is why we have recently prepared an Academic Development Plan for the entire University. This Plan is a management study regarding who we are, what we are doing and where we are going. We intend to use it, keep it active and amend it as we go so that all will know what the University and all of its elements are doing and can and cannot do to serve Alaskans better.

As an aside, I particularly invite your attention to the discussion in our Plan for how the State can and should make a commitment to a continuing basis of realistic and affordable funding of the University in line with total state revenues and needs. Your observation is indeed correct that the State can no longer base higher education decisions primarily on political and personal attitudes. A rational commitment of funding such as is contained in the Plan must be made.

The second reason for confusion and mistrust stems somewhat from the first. With explosive growth, we have simply failed to keep pace with our administrative services. It is simply abominable that we allowed our budgetary, accounting, payroll, personnel and other systems to lag to the point where nobody within our system was being properly served.

I dare say most of the valid criticism against the University comes from University people and others who are justly fed up with receiving incorrect paychecks, participating in a budgetary system which makes no sense, receiving inaccurate reports and having to operate with faulty information. Worse, these people have too often been met with bureaucratic response that has no apology or asks no question of how we can serve them better, but rather silence or demands for more paperwork or attitudes that the administrator's problem is more important than them.

The Board has recognized this problem and given highest priority to its solution. The following steps have been or will be taken:

Governor Hammond
April 2, 1976
Page Four

1. With \$300,000 provided in FY 75-76 and investment income, our fiscal control and information systems have been completely redesigned and are now coming on line with our new computer. I am glad to report that we will soon have accurate and timely financial information and services.

2. We have retained a personnel officer who is well on the way toward putting our personnel management house in order. In this regard it would be a great help to receive this year adequate funding to place all of our people at the right salary level for their positions and not exacerbate prior discrepancy problems by another across-the-board percentage increase.

3. Our new vice president for finance and comptroller will have the attitude that his job and that of his staff is to serve the people of the University and the State and that their needs will take precedence over his own operational problems.

4. This year for the first time in years, with the help of your staff and legislative help, the University's budget documents are clear and understandable. This is just a first step. As I mentioned to you in my February 10 budget submittal letter, we have adopted and will operate under true "program" budgeting and are moving to "zero-budgeting".

Now that we have the tools, every manager in the University system will be asked to present his plan and the resources needed into the program budget cycle. When he receives the budget back, he will know what resources he has for his management, and we will expect him to manage within those resources and monitor how he performs his plan. Every local manager will be held responsible to plan, program, manage, control and decide local matters, leaving to higher management those things which a local manager cannot control.

Governor Hammond
April 2, 1976
Page Five

With "zero budgeting" we intend to have every element of the University from time to time justify its entire program so we can control our own bureaucracy and weed out those programs which are no longer needed or where we are not serving Alaskans well.

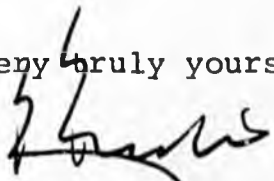
5. We have recently reorganized to place greater management emphasis where the realities of the University now are, by placing chancellors over the urban campuses of Fairbanks and Anchorage, the area campus of Southeastern Alaska and a vice president for rural educational affairs for our outreach programs. Our office of the President has been shrunk, pulled away from the day-to-day operation of any campus and will act to coordinate the University statewide.

As mentioned earlier and as is shown in the Academic Development Plan, this organizational structure reflects today's realities. Our University of Alaska is composed of a wide variety of quite separate, different and largely autonomous units -- for it is meant to serve the citizens of Alaska who fit that description exactly.

I was afraid this letter would get too long, so let me end here, again with the request that action not be taken hastily or on information that is incomplete, inaccurate or no longer true or because any special interest group repeatedly requests it.

Thank you for bearing with me. I am at your disposal to discuss these matters more fully or any other University matter which may concern you. We have the same goals for higher education. By continuing to work together, we can accomplish them.

Very truly yours,



Brian J. Brundin
President

BJB/bap
Enc.
cc: President Hiatt
Board of Regents
Legislators



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

Because of your interest in education in Alaska, I am sending you a copy of my policy comments of the AMU purchase. Please feel free to offer comments and suggestions. I welcome your opinions.

Jay S. Hammond
Governor

ALASKA METHODIST UNIVERSITY

BY

GOVERNOR JAY S. HAMMOND

MARCH 19, 1976

JUNEAU

LAST YEAR THE STATE SIGNED AN OPTION TO PURCHASE ALASKA
METHODIST UNIVERSITY. THE AGREEMENT PROVIDED THAT FOR
FISCAL '76 THE STATE WOULD PAY 2.3 MILLION DOLLARS TO
RETAIN THE OPTION TO PURCHASE. THIS MONTH, ACCORDING TO
THE AGREEMENT, THE STATE MUST NOTIFY AMU OF ITS INTENT.
IT MAY EITHER EXTEND THE OPTION ONE MORE YEAR OR EXERCISE
THE OPTION AND PROCEED TO PURCHASE THE UNIVERSITY.

NUMEROUS GROUPS AND INDIVIDUALS HAVE REVIEWED THE AMU
PURCHASE ISSUE AND HAVE SUGGESTED SEVERAL ALTERNATIVES.
ALL AGREE THAT THE PLIGHT OF AMU IS LIKELY TO REFLECT THE
PLIGHT OF INDEPENDENT HIGHER EDUCATION IN ALASKA, AND EFFORTS
TO FIND A WAY TO PREVENT THE DEMISE OF PRIVATE HIGHER
EDUCATION HAVE BEEN EXTENSIVE.

RECENTLY THE POST-SECONDARY EDUCATION COMMISSION SUGGESTED THAT FOR FY '77 THE STATE CONTRACT, ON A STUDENT ENROLLMENT BASIS, WITH AMU FOR THE PROVISION OF EDUCATIONAL SERVICES, AND THE STATE SERIOUSLY CONSIDER PURCHASING AMU AS SOON AS POSSIBLE.

A THOROUGH REVIEW BY THE ATTORNEY GENERAL AND HIS STAFF HAS LED TO A DECISION THAT SUCH A CONTRACTUAL APPROACH WOULD BE UNCONSTITUTIONAL. THE ALASKA CONSTITUTION PRESENTLY PROHIBITS SUCH A DIRECT BENEFIT TO PRIVATE INSTITUTIONS.

THEREFORE, WE NEED TO PURSUE A NEW APPROACH. THERE ARE THREE BASIC CRITERIA UNDERLYING THE RECOMMENDATIONS: 1) PROVIDING A VIABLE AND CONSTITUTIONALLY VALID PROGRAM OF POST-SECONDARY EDUCATION FOR ALASKA'S CURRENT AND FUTURE STUDENTS;

2) PROTECTING THE FINANCIAL INTEREST OF THE STATE WHILE PRESERVING THE STATE'S OPTION FOR THE AMU PROPERTY; AND

3) ASSURING THAT A POLICY DECISION WITH SUCH IMPACT ON THE FUTURE OF HIGHER EDUCATION IN ALASKA REFLECTS ALASKANS' CURRENT ATTITUDES AND THE BEST INTEREST OF HIGHER EDUCATION.

ON THE BASIS OF THOSE CONSIDERATIONS, I RECOMMEND THE STATE EXERCISE ITS OPTION AND PURCHASE AMU FOR THE PRICE TO BE ESTABLISHED UNDER THE TERMS AND CONDITIONS OF THE JUNE 5, 1975, AGREEMENT BETWEEN AMU AND THE STATE. SUCH A MOVE WILL REQUIRE THE APPOINTMENT OF APPRAISERS BY EACH PARTY, THEIR MUTUAL SELECTION OF A THIRD, AND THEN AN APPRAISAL BEING MADE.

UNDER THE TERMS OF THE 1975 AGREEMENT, THE STATE HAD AGREED TO PAY \$1.5 MILLION UPON THE EXERCISE OF THE OPTION. THIS AMOUNT SHOULD BE INCREASED TO \$3.5 MILLION. IN EXCHANGE FOR THE INCREASE, AMU MUST AGREE TO OPERATE THE UNIVERSITY FOR THE STATE DURING THE 1976-1977 SCHOOL YEAR.

THE PAYMENT OF THESE OPTION MONIES SHOULD BE CONTINGENT ON (A) PASSAGE OF AN APPROPRIATION FOR THAT AMOUNT BY THE LEGISLATURE; AND (B) APPROVAL OF GENERAL OBLIGATION BONDS BY THE LEGISLATURE FOR THE 1976 BALLOT IN AN AMOUNT SUFFICIENT

TO COMPLETE THE PURCHASE OF THE UNIVERSITY. THE ADMINISTRATION
WOULD ALTER ITS LEGISLATIVE BOND PROPOSAL ONCE THE APPRAISERS
SET A PURCHASE PRICE. IN THE EVENT THAT EITHER ONE OF THESE
CONTINGENCIES DOES NOT OCCUR, AMU WOULD NOT BE ENTITLED TO
RECEIVE ANY MONIES FOR THE OPTION AND IN TURN WOULD NOT BE
BOUND TO CONVEY PROPERTY TO THE STATE.

IN THE EVENT A BOND ISSUE ADOPTED BY THE LEGISLATURE FAILED
TO WIN APPROVAL OF THE ELECTORATE, THE STATE WOULD NOT BE
OBLIGED TO PURCHASE THE UNIVERSITY, BUT IT WOULD FORFEIT THE
OPTION MONEY. IN THE EVENT THE LEGISLATURE ADOPTED A PROPOSED
CONSTITUTIONAL AMENDMENT FOR THE 1976 BALLOT PERMITTING DIRECT
AID TO PRIVATE INSTITUTIONS, AND THEN THAT AMENDMENT IS
SUBSEQUENTLY PASSED BY THE PEOPLE, THE STATE MAY, IF IT CHOOSES,
VOID THE CONTRACT, FORFEIT THE OPTION PRICE, AND ELECT TO
ENTER INTO THE CONTRACTUAL AGREEMENTS TO PROVIDE DIRECT
FINANCIAL AID TO AMU.

OF ALL THE ALTERNATIVES PROPOSED, THIS RECOMMENDATION APPEARS TO BE THE WISEST BECAUSE IT MEETS THE CRITERIA OF STATE-WIDE EDUCATIONAL INTERESTS, FINANCIAL PROTECTION FOR THE STATE, AND A VOICE FOR VOTERS IN THE PURCHASE QUESTION THROUGH THE BOND ISSUE. MOREOVER, THE PROPOSED CONSTITUTIONAL AMENDMENT ALSO PROVIDES AN OPPORTUNITY FOR DETERMINING -- ONCE AND FOR ALL -- THE STATE'S FUTURE POLICY ON THE COEXISTENCE OF PUBLIC AND PRIVATE HIGHER EDUCATION AND THE LIMITS OF STATE AID TO PRIVATE, POST-SECONDARY EDUCATION.

BECAUSE THERE IS A GROWING MOVEMENT ACROSS THE NATION FOR STATES WITHOUT PROHIBITIVE CLAUSES IN CONSTITUTIONS TO CONTRACT FOR EDUCATIONAL SERVICES IN EXISTING INSTITUTIONS RATHER THAN TO EXPAND THE STATE-RUN UNIVERSITIES, IT SEEMS IMPERATIVE THAT ALASKAN CITIZENS HAVE AN OPPORTUNITY TO SPEAK OUT ON THAT ISSUE. BY NOT ALLOWING VOTERS TO DO SO, THE STATE IS BASICALLY WRITING OFF CONCLUSIVELY PRIVATE HIGHER EDUCATION IN ALASKA. I CANNOT RECOMMEND SUCH A DRASTIC ACTION WITHOUT AN OPPORTUNITY TO INVOLVE THE ELECTORATE.

MY FINAL RECOMMENDATION RELATED TO BUT EXTENDING BEYOND THE
AMU QUESTION IS THAT THE POST-SECONDARY EDUCATION COMMISSION
BE INVOLVED IN REVIEWING AND MAKING RECOMMENDATIONS ON TWO
MAJOR HIGHER EDUCATION ISSUES BEING DISCUSSED IN MANY CORNERS
OF THE STATE. 1) ESTABLISHING TWO SEPARATE RESIDENTIAL
FOUR-YEAR INSTITUTIONS IN FAIRBANKS AND ANCHORAGE AND REVIEWING
THE RELATED QUESTIONS OF THEIR AUTONOMY AND GOVERNANCE; AND
2) ESTABLISHING A SEPARATE SYSTEM FOR COMMUNITY COLLEGES.

IT IS MY JUDGMENT THAT SOME OF THE RECENT POLICY AND FISCAL
DECISIONS BEING SUGGESTED OR ALREADY HAVING BEEN MADE REGARDING
HIGHER EDUCATION ARE GREATLY INFLUENCED BY GENERAL SENTIMENT
OF DOUBT AND MISTRUST OF THE GROWING, COMPLEX UNIVERSITY OF
ALASKA AS WELL AS CONFUSION ABOUT WHAT CAN BE DONE TO IMPROVE
THE UNIVERSITY OF ALASKA'S RESPONSIVENESS AND RESPONSIBILITY TO
THE PUBLIC.

I BELIEVE THAT THE TIME HAS COME TO ADDRESS THOSE DOUBTS
OPENLY, COOPERATIVELY, AND RESPONSIBLY. I WOULD ENCOURAGE THE

BOARD OF REGENTS OF THE UNIVERSITY OF ALASKA TO DIRECT AN
INTERNAL MANAGEMENT AND EFFICIENCY REVIEW IMMEDIATELY, AND
I WOULD PLEDGE THE ADMINISTRATION'S SUPPORT TO THAT PROJECT
TO THE EXTENT NECESSARY TO ASSIST IN MAKING CHANGES THAT WILL
BRING HIGHER EDUCATION IN ALASKA TO A LEVEL OF TRUST APPROPRIATE
TO THE ROLE IT PLAYS IN THE FUTURE OF THIS STATE. WE CAN
NO LONGER BASE HIGHER EDUCATION DECISIONS ON PRIMARILY
POLITICAL AND PERSONAL ATTITUDES.

WE ARE FORTUNATE IN HAVING A POST-SECONDARY EDUCATION
COMMISSION AND A BOARD OF REGENTS COMPRISED OF CITIZENS
OF VARIED BACKGROUNDS AND PHILOSOPHIES. HOPEFULLY, THEY
CAN COMBINE THEIR MANY TALENTS AND RESOURCES TO PUT THE
HIGHER EDUCATION PICTURE IN ALASKA INTO CLEARER FOCUS.

REASONS FOR A.M.U. BOARD
ACTION REGARDING REQUEST FOR TIME EXTENSION

In your assessment of the most recent developments in the negotiations between A.M.U. and the State of Alaska, we ask that several facts be recognized:

1. The original date designated in the option agreement was selected because of the time commitments to the faculty faced by the university and was agreed to by the State. All parties to the option understood that it was drafted as a business agreement in which the burden of action was placed upon the State of Alaska.
2. One extension from March 15th, 1976 to March 29th, 1976 had previously been granted.
3. Legislation then in progress had been considered by the Board of Trustees and was felt to be unacceptable.

It was anticipated that one proposal would require the transfer of our programs, faculty and facilities prior to the sale without an accompanying guarantee that the sale would be consummated.

Another proposal would have had A.M.U. continue to operate the school for another year to the benefit of the State (ie., to keep programs intact) out of sale proceeds. During the period that the option was extended, the State, for the first time in seven years, changed its position with respect to the constitutionality of state support to private institutions, thereby compromising our negotiating and planning efforts.

After consideration of all of these factors, the Board of Trustees of Alaska Methodist University, feeling it necessary to assess all the alternatives, voted not to grant a second extension but instead to carry on further dialogue with the State of Alaska.

The statements made by various parties following our announcement are based on their own inferences; we have made no specific implications in our statements.

PROPOSED CONTRACT SALE OF CERTAIN LAND AND
FACILITIES OF AMU

The Trustees of Alaska Methodist University having met in continuing sessions from Sunday, March 30, 1976, until Wednesday April 7, 1976, have unanimously agreed that Alaska Methodist University by and through its representatives is hereby prepared to enter into a sale agreement with the State of Alaska for certain lands and facilities of Alaska Methodist University on the following terms:

1. Certain lands and facilities of A.M.U. will be sold to the State of Alaska for \$20 million (reserving 27½ acres adjacent to Providence Hospital) over six (6) years in equal installments at nine percent (9%) per annum commencing on July 1, 1976, and on the first day of July of each succeeding year.
2. The \$2.3 million option money already paid A.M.U. by the State under the expired option agreement shall be applied towards purchase.
3. All students, faculty, and staff of A.M.U. shall be transferred to the Senior College of the University of Alaska, Anchorage.
4. A.M.U. reserves the right to repay the balance of the mortgage at any time within seven (7) years of sale.
5. Until the entire purchase money has been paid, A.M.U. shall have exclusive use of all of its lands and facilities.
6. If the State of Alaska defaults, all payments, facilities, and land shall be kept by A.M.U.
7. Release of all University of Alaska restrictions and agreements.

3220 E. 40th Avenue
Anchorage, Ak. 99504

May 3, 1976

Senator Frank Ferguson
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Frank:

Although I have not seen a detailed version of the University budget passed by the House, the total funding level for the University of Alaska, Anchorage, Senior College is not large enough to fill the voids created by past and imminent cuts of AMU faculty and programs. I hope the Senate or Free Conference Committee will appropriate enough funds to replace AMU faculty and programs and thereby provide for a high quality four year liberal arts curriculum at Anchorage (in effect, a replacement for the tuition grants which will no longer be necessary).

Neither version of the University of Alaska bond issue at the present time includes the \$4 million for land acquisition in Anchorage. According to Legislative Affairs Agency records, H.B. 617 for \$25 million is in the House Finance Committee and House Committee Substitute for Senate Bill 734 for \$25 million has been passed by the Senate and is in the House Rules Committee.

I understand that there is intense competition between the many proposed bond projects in order to keep the grand total below \$240 million. If this ceiling is preventing the addition of \$4 million for UAA land acquisition and if AMU is purchased (H.B. 868 looks like a good solution), I suggest the deletion of \$3.3 million in H.B. 617 or \$3 million in H.C.S. for S.B. 734 for the construction of new buildings at UAA. Existing buildings purchased from AMU will more than equal the capacity of the \$3 or \$3.3 million in buildings provided for in the bond issue.

There are reports that the 77.8 acre Rogers and Babler tract which separates AMU from the institutional portion of the Far North Bicentennial Park will be sold or developed for other than institutional uses within two years. Therefore, if not funded on this bond issue, the opportunity to acquire space needed for instructional, cultural, recreational, and public service programs of the University may be irretrievably lost.

Sincerely,

Nat

Nat Goodhue

P.S. More detailed background information is attached.

FILE WITH BRW

2.43

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF ADMINISTRATION

DIVISION OF BUDGET & MANAGEMENT

POUCH C — JUNEAU 99801

April 24, 1975

Honorable Bill Ray
Chairman, Senate Finance Committee
Alaska State Legislature
State Capitol - Pouch V
Juneau, Alaska 99811

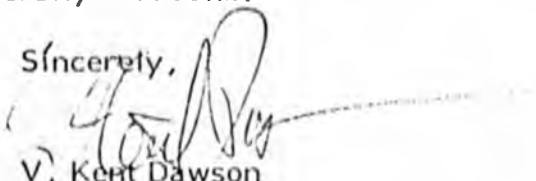
Dear Senator Ray:

During the Senate Finance Committee hearing on Wednesday, April 16, Senator Sackett requested an analysis as to whether the AMU Nursing program would cost less if absorbed into the University budget, rather than contracted from the Department of Health and Social Service's budget. I think it is safe to say that the program, given the same circumstances and conditions, will cost the same, whether it is run by the University with money appropriated directly to the University, or whether it is run by the University, with funds contracted through the Department of Health and Social Services.

The real question here is the direction of the program. If the funds are appropriated directly to the University, the Nursing program becomes subject to the internal priorities of the University system. If the funds are appropriated to the Department of Health and Social Services, the direction for the program in terms of support for para-professional, baccalaureate, continuing education, urban and rural emphasis, will remain with the Department. The Department, with its perspective of health needs throughout the state, could determine the priorities of the program in light of those needs. However, if the funds are appropriated to the University, the University would determine continued support for the program in accordance with its view of the State's educational priorities. It is easy to see how this could result in very different programs with different support requirements.

It is the view of this administration that, for the present, the appropriation for the program should remain with the Department of Health and Social Services which would have the authority to contract with the University of Alaska.

Sincerely,



V. Kent Dawson

Director

VKD/JC/lw

cc: Honorable John Sackett

7.43

alaska
methodist
university

office of the president

May 15, 1975

The Honorable George H. Hohman
Alaska State Senate
Pouch "V" State Capitol Bldg.
Juneau, AK 99801

Dear Senator Hohman:

I wish to thank you personally for your very hard work as a legislator during these challenging and exciting days. Your long hours and hard work are noted and appreciated by many of us. Thank you.

One of the important issues before you is that of private higher education. Will private higher education in Alaska be given the opportunity to go through a metamorphosis and emerge as a financially sound, secure, contributing segment of the Alaskan scene or will it be killed either outright or through the lack of an adequate life support system?

You are probably very much aware of the fact that many people have been searching for and trying a variety of tactics to maintain the option, for Alaskans, of private higher education. We have, over the past several years, worked with legislative committees, attorney generals, lay and professional groups to seek sound, workable ways of making the continuance possible. The trustees, faculty, staff, students, and administration of Alaska Methodist University have spent untold hours seeking a resolution of the dilemma of private higher education in Alaska. We have systematically enlisted the aid of some of the best minds in higher education today to assist us in finding a solution.

As a result of the past several years of concentrated study, much soul searching, and the testing of many options, we have come to a

very difficult decision to sell the campus, enter a period of planning, and emerge as a truly quality private higher education component designed to give maximum service to the State of Alaska for many years to come.

We have tested this concept with several top leaders in governmental funding agencies and with major foundations, all with a single result; namely, if the State of Alaska will take the proposed action, they feel it would greatly enhance the fundability of projects and programs in Alaska for it would, for the first time, provide in the private sector a stable base of operations in an environment conducive to the efficient utilization of funds. In fact, several leaders in government and foundation circles have stated publicly that the proposed action could be the first in the nation and set a pattern for other private institutions throughout the country.

Consequently, the Board of Trustees of Alaska Methodist University have, in the best interest of the people of Alaska, agreed to sell their campus to the University of Alaska and to transfer all programs, personnel, and students to the University of Alaska in order that the students will not be disadvantaged. House Bill 441 and appropriate supporting action would be required to make such a plan work. HB 441

An optional plan which, in my opinion, would also insure the possibility of quality higher education in Alaska (with private and public) in the future is outlined in the following steps:

1. The State of Alaska (not the University of Alaska) purchases the AMU campus for the very reasonable discounted appraisal price of \$15,427,000, making an immediate down payment of \$1,700,000 and subsequent interest payments on the balance outstanding.
2. The State of Alaska contracts for the operation of present AMU facilities utilizing the present faculty, staff (not administration), programs and students for a period of two (2) years as the four-year Anchorage college. The group contracted to operate the Anchorage four-year college be one of the following:
 - A. The Post Secondary Education Commission
 - B. A specially constituted group (perhaps akin to that for public television)
 - C. An "Outside" college or university

3. The AMU corporation utilizes the interest payment income (from #1) over a two-year period to plan, with legislative help, a new private higher education institution designed to meet the future needs of the State of Alaska.
4. As the two-year planning (#3 above) nears an end, the State will assess and determine the best and highest use of the present AMU properties and determine how, under what conditions, and by whom they shall be used.

The above plan, if implemented, would:

- a) Continue the current educational programs of AMU for two years, thereby retaining human resources and students in Alaska;
- b) Provide time (two years) for planning and designing a viable private higher education system for Alaska;
- c) Result in the best and highest use being made of the present AMU campus and facilities;
- d) Result in a total coordinated higher education system for Alaska, involving both public and private components;
- e) Ensure the continuation of educational options for Alaskans; and
- f) Continue to provide a stimulus to the State University for effectiveness and efficiency.

The present school year is rapidly drawing to a close; our total faculty will be unemployed in two short weeks; our students, through no fault of their own, are in a state of limbo relative to their educational plans; Alaska will lose several valuable programs and hundreds of thousands of dollars in Federal funds if no determination can be made very soon; and four-year private higher education will be lost to the State of Alaska. Therefore, I urge you either to fund the University of Alaska so they can purchase AMU and assume the personnel and programs as per the memorandum of agreement or proceed with the immediate implementation of steps 1 - 4 outlined above.

May 15, 1975

As an Alaskan, I beg you to act as rapidly as possible, for without rapid positive action Alaska will lose, with little chance of recovery, the benefits of private higher education for the foreseeable future.

Thank you again for your diligence and hard work. If I can be of any assistance, please do not hesitate to call on me.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "John O. Picton".

John O. Picton
President

JOP:cm

7.43

March 18, 1975

Honorable Bill Ray
Chairman
Senate Finance Committee
Alaska State Legislature
Juneau, Alaska

Dear Senator Ray:

In your letter of March 11, 1975 you asked whether or not some of the funds from the University of Alaska bond issue authorized by ch. 144, SLA 1974 could be used instead for the purchase of Alaska Methodist University properties. In our opinion funds could not be reprogramed to uses other than those authorized by ch. 144, SLA 1974 and subsequently ratified by the voters.

This question was analyzed at substantial length in the attached opinion of April 26, 1974, transmitted to Mr. Joseph Henri, former Commissioner of Administration. Upon reviewing it, we feel that it remains the authoritative statement of our position on this issue. If you have any questions, please feel free to contact me.

Sincerely,

AVRUM M. GROSS
ATTORNEY GENERAL

By:
Mark Ertischek
Assistant Attorney General

0404-4.2

April 26, 1974

The Honorable Joseph R. Henri
Commissioner
Department of Administration
Pouch C
Juneau, Alaska 99801

Re: Ch. 221 SLA 1970 --
project changes after
voter approval of bond
authorization

Dear Commissioner Henri:

You have inquired whether the Department of Highways may use the proceeds of general obligation bonds, authorized by ch. 221 SLA 1970 (highway maintenance facilities) and approved by the voters at the 1970 general election, for projects other than those specified in ch. 221 SLA 1970. The answer is no.

You have mentioned that some of the maintenance facilities listed in that Act "are no longer required and some may be constructed for less funds than originally specified." Neither circumstance justifies using the bond funds on projects not listed in the Act.

CONSTITUTIONAL AND STATUTORY PROVISIONS

Article IX, Section 8 of the Alaska Constitution provides in relevant part:

"No state debt shall be contracted unless authorized by law for capital improvements and ratified by a majority of the qualified voters of the State who vote on the question."

AS 15.15.030(11) requires:

"When the legislature by law authorizes a state debt for capital improvements, the lieutenant governor shall place the question of whether the specific authorization shall be ratified by placing the ballot title and question on the next general election ballot,

or on the special election ballot if a special election is held for the purpose of ratifying the state debt for capital improvements before the time of the next general election. . . ." (Emphasis added.)

Sec. 1, ch. 221 SLA 1970 authorizes the issuance and sale of bonds "for the purpose of paying part or all of the cost of acquiring, constructing and equipping and making other capital improvements to highway maintenance facilities." Sec. 2 of the same Act states:

"The amounts of these bonds to be issued from time to time and the time or times of their issuance shall be fixed by the State Bond Committee (created by AS 37.15.110), and the specific uses of the proceeds of these bonds shall be determined by the governor in accordance with the following schedule: [here follows a list of 12 specific projects, including the respective fiscal years (from 1971 to 1973) for their undertaking]."

Sec. 6, ch. 221 SLA 1970 requires submission of the question to the qualified voters of the state and sec. 7 requires using "substantially" the following wording:

"Shall the State of Alaska issue its general obligation bonds in the principal sum of not to exceed \$5,500,000 for the purpose of paying part or all of the cost of acquiring, constructing and equipping highway maintenance facilities?"

By telephone conversation with this writer on April 15, 1974, Dorothy MacKenzie, Director of Elections, affirmed that Proposition No. 8, submitted to the voters at the general election on November 7, 1970, contained a verbatim statement of the heading and question set out in sec. 7, ch. 221 SLA 1970.

DISCUSSION

The Alaska Constitutional prohibition against incurring indebtedness refers to obligations against the general credit of the state. ^{1/} This being so, the voters of the state must be given the opportunity to voice their opinions, as required by Article IX, Section 8 of the Alaska Constitution, AS 15.15.030(11), and provisions comparable to sec. 7, ch. 221 SLA 1970 in each bond authorization Act. Many court decisions have held that, once the voters have ratified a bond authorization Act, a contract between the government and the electorate arises.

^{1/} Noted in the 1959 Opinions of the Alaska Attorney General, No. 39, and 1969 Opinions of the Alaska Attorney General, No. 5.

One such case is Tocker v. San Francisco Bay Area Rapid Transit District, 22 Cal. App. 3d 643, 99 Cal. Rptr. 361 (1972). In that case, the Act which created the transit district required a feasibility study to be made before putting the bond issue to a vote of the people. The study was made and the bond issue was approved by the voters. Nine years later the transit district entered into a contract with the City and County of San Francisco, providing for a particular modification of the plan as originally contemplated in the feasibility study. The validity of that contract was challenged. The California Court of Appeal, First District, held that because neither the legislative Act, nor the district's bond resolution, nor the ballot proposition specified the details of the rapid transit system, the modifying contract with San Francisco was within the district's authority and was therefore valid. But the court said (99 Cal. Rptr., at 364):

"It is undoubtedly true, as contended, that the BART resolution stating the purposes of and calling the bond election, and the acceptance of the ballot proposition by the voters, was analogous to a contract between BART and the voters or at least the taxpayers of the district. (Los Angeles County Flood Control Dist. v. Wright, 213 Cal. 335, 348-349, 2 P.2d 168; O'Farrell v. County of Sonoma, 189 Cal. 343, 348, 208 P. 117; Peery v. City of Los Angeles, 187 Cal. 753, 767, 203 P. 992; Skinner v. City of Santa Rosa, 107 Cal. 464, 476, 40 P. 742.) The laws which authorized the bond issue were a part of that contract. (Sutter Basin Corp. v. Brown, 40 Cal. 2d 235, 241, 253 P. 2d 649; State School Bldg. Fin. Com. v. Betts, 216 Cal. App. 2d 685, 619 31 Cal. Rptr. 258; Jenkins v. Williams, 14 Cal. App. 89, 98, 111 P. 116.) And obviously, the terms of the specific proposal submitted to voters have the attributes of such a contract and must be respected. (See Skinner v. City of Santa Rosa, supra, 107 Cal. 464, 40 P. 742.)"

The court simply held that extraneous matter, such as feasibility studies, did not give rise to a contract. In our present situation, the Act itself -- ch. 221 SLA 1970 -- expressly listed the projects for which the bonds were to be issued. Thus, under the reasoning of the California court, a contract arose with the voters of Alaska.

The same California court reached a similar result a year earlier in East Bay Municipal Utility District v. Sindelar, 16 Cal. App. 3d 913, 94 Cal. Rptr. 431 (1971). In that case, the primary project contemplated before the election was held was completed with \$84,000,000 in authorized but unissued bonds left over. The court held that issuance of the remaining bonds to expand facilities would be valid because the only specific restriction was contained in a feasibility study and in promotional material distributed before the bond election; it was not contained

in the laws creating the district, nor in the district's ordinance calling the election, nor on the ballot. The court states (94 Cal. Rptr., at 435):

"The Municipal Utility District Act limited expenditure of the proceeds of the district's bonds authorized in 1958 to 'the objects or purposes for which the bonds were voted.' (Pub. Util. Code, sec. 13262.) The statutory restriction reflects the general rule, which restricts expenditure of the proceeds of publicly-approved bonds (O'Farrel v. County of Sonoma [1922] 189 Cal. 343, 348-349, 208 P. 117; Mills v. S. F. Bay Area Rapid Transit Dist. [1968] 261 Cal. App. 2d 666, 668, 68 Cal. Rptr. 317) and which rests upon theories that such restriction is contractual in nature, or that it derives from a status which is analogous to a contractual relationship, or that it is implicit in a requirement of popular approval for a given bond issue."

Again, it is not only the ballot language which the court said creates the contractual relationship with the voters, it is the language of the authorizing legislation as well. But the court held that feasibility studies and promotional material do not. In our case, we are concerned with legislation, not a feasibility study or promotional material. This line of reasoning extends at least as far back as the 1910 case of Jenkins v. Williams, 14 Cal. App. 89, 111 P. 116, which is squarely in point with our present situation.

In the Jenkins case, the relevant statute required the county board of supervisors to "by order specify the purpose for which the indebtedness is to be incurred" The statute also required an election, with the ballot containing "a general statement of the amount and purpose of the bonds to be issued." In response to that statute, the board issued its order, specifying construction of seven roads and thirty bridges and stating the amount of money to be allocated to each road and bridge. The "general statement" on the ballot mentioned roads and bridges, without itemizing specific ones, and just set out the total number of dollars for roads and the total for bridges. (A courthouse construction project was also involved.)

One of the bridges was completed with a surplus of \$503.16 of the amount allocated for that bridge remaining. The plaintiffs performed work on another bridge and sought to have that \$503.16 applied to their contract price. Because of the specificity of the order of the board of supervisors (analogous to our ch. 221 SLA 1970), the court held that the funds could not be shifted. The court stated (111 P., at 118):

"The position taken by the plaintiffs at the trial and here is that the face of the ballot expressed the will of the voters, regardless of the

notice given to them by the order and proclamation of the board; that the \$225,000 was to constitute the bridge fund, and all of it could be lawfully used for the construction of one bridge if necessary; that the ballot sufficiently complied with the statute in making a 'general statement of the amount and purpose of the bonds to be issued.' If this position be correct, it would follow that the board might not only expend all the bridge bond money on a single bridge, but it might also expend all the road and highway money upon a single road, and this, too, in direct conflict with the order of the board and the proclamation and notice given to the electors. We cannot agree to this construction of the statute."

Noting that "the brief statement of the purpose upon the ballot identifies the proposition more fully set forth in the order of which the electors are fully advised by publication of the order", the court went on to say (id.):

"Here was \$600,000 which the voters were told was to be expended in constructing 7 different roads in the county and \$225,000 to be expended in constructing 30 different bridges, and we are asked to hold that these large amounts, ordered by the board for specific purposes, could be divided up and shifted about at the discretion or possible caprice of the board and for purposes in direct violation of its order and the statute. The order of the board was jurisdictional, without which the election and the bonds would have had no validity. The published order of the board formed an essential part of the propositions submitted to the vote of the electors, and it was the order which was ratified by them."

In our present situation, it was ch. 221 SLA 1970 which was ratified by the voters. Ch. 221 SLA 1970, in its section 2, itemized specific projects while allowing administrative discretion only as to the amount (and design, of course) to be used for each.

Further supporting this contract rationale is O'Farrell v. Sonoma County, 189 Cal. 343, 208 P. 117 (1922). In that case,

the order of the county board of supervisors specified the description, distance, and pro rata amount of money for each of several roads. The California Supreme Court held that, although the board's order legally could have been more general, the board chose to be specific and therefore was bound by the terms of its order (again, analogous to our ch. 221 SLA 1970) to apply the bond money as specified there. The order constituted a contract between the state and the electors which could not be modified by only one of the parties to that contract. (Also see Metropolitan Water District of So. Calif. v. Marquardt, 379 P.2d 28, 39 [1963].)

A similar rule on the use of public money obtains in other states. For example, see Bank of Lowell v. Cox, 279 P. 257 (Arizona, 1929); Independent Highway District No. 2 of Ada County v. Ada County, et al., 134 P. 542 (Idaho, 1913). The Arizona Supreme Court stated (279 P. at 262): "To hold that the money specifically authorized for one bridge might be used on another would be contrary to all principles governing the expenditure of public money."

Persons responsible for handling other persons' money - whether as a public official administering a program using public funds or as an individual trustee designated in a will - are vested with a certain amount of administrative discretion, but must nevertheless fulfill the purposes of the program and the trust and comply with restrictions in the creating instrument. In holding that, once the voters had ratified a specific bond resolution, the state legislature could not authorize the board of county commissioners to spend surplus bond funds on a road not included in the resolution's list of roads, the Florida Supreme Court stated, in Oven v. Ausley, 143 So. 588, 589 (1932): ". . . it is a violation of an elemental principle in the administration of public funds for those who are charged with the trust of their proper expenditure not to apply such funds to the purposes for which they are raised. "When an enforced contribution is exacted from the people by the power of taxation, it is for a specific public purpose, and the fund so raised is a trust fund in the hands of the legal custodians of it."

Whether one applies a contract rationale, a trust rationale, or simply the express terms of the statute (ch. 221 SLA 1970), shifting bond funds from authorized uses to unauthorized ones is not permissible. As discussed above, under the contract rationale a contract arises not only from the wording of the ballot question, but from the authorizing Act too. Thus, the specific projects listed in sec. 2, ch. 221 SLA 1970 are binding as well as the general statement included in the ballot question. Under the trust rationale, the voters of the state

have, in effect, placed funds for certain purposes in the hands of their public officials, with ch. 221 SLA 1970 - including its sec. 2 - being the trust instrument.

And, under the express terms of the Act, there is little room for variation - neither from the general statement of purpose nor from the listing of specific projects. Since Article II, Section 1 of the Alaska Constitution vests the legislative power of the state in our legislature, and since no procedural or substantive impediment to its validity appears, ch. 221 SLA 1970 is as binding as are other valid laws. Those who administer our laws must act within the law.

Moreover, the wording of ch. 221 SLA 1970 is not vague or ambiguous. Nor does it appear to have resulted from legislative error or oversight. The history of the bill (Sixth Legislature's Senate Bill No. 435) which became ch. 221 SLA 1970 indicates the legislative intent. The bill was introduced at the request of the governor, who expressed a need for maintenance facilities to keep pace with the expanding highway system and to provide additional support facilities to insure adequate storage and repair of maintenance equipment (1970 Senate Journal, p. 149). That original bill provided for a bond issue of only \$1,900,000 and listed no specific locations. The Senate State Affairs Committee offered a substitute bill calling for \$11,100,000 and listing eighteen locations for the 1971 -- 1973 fiscal period (1970 Senate Journal, p. 556, incorporating two memoranda of the commissioner of highways). That substitute was rejected and the original bill passed the Senate. In the house, the Finance Committee offered a substitute calling for \$5,500,000 and listing only twelve locations. It was this version which finally passed both houses and became the enabling Act under discussion here. The three successive versions of the Act evidence a deliberate, intentional limitation as to where the money could be spent.

Further evidencing the deliberation preceding the writing of sec. 2, ch. 221 SLA 1970 is the fact that, of the eleven bond authorization Acts enacted in 1970, the corresponding provision of six of them contained some degree of specificity with regard to projects; the other five just contained a general statement of gubernatorial discretion. Extending the idea of limiting the executive branch's discretion, is AS 24.30.037 (enacted by ch. 70 SLA 1973), which requires each bond bill to contain "a statement of the scope of each major project included in the proposed bond issue."

In discussing generally the power of a state to issue bonds, and citing Almond v. Gilmer, 188 Va. 22, 51 S.E.2d 272, 81 C.J.S., States sec. 179, declares that "State boards and officers may obligate themselves and the state only in pursuance

to the terms and in conformity with the provisions of the authorizing statute." It follows that use of the money produced by issuance of those bonds must also comply with the authorizing statute. Again, in discussing issuance of bonds, and citing In re State Treasury Note Indebtedness, 185 Okl. 10, 90 P.2d 19, 81 C.J.S., States sec. 183 continues "Specific provisions in the authorizing act control over any more general provisions." Thus the specific provisions of sec. 2, ch. 221 SLA 1970 control over the general purpose statements in secs. 1 and 7 of that Act.

CONCLUSION

The proceeds of bonds issued under ch. 221 SLA 1970 must not be used for "highway maintenance facilities" in general but just for the specific facilities listed in that Act. This does not mean that the money should be wasted by making the needed facilities more luxurious or by building facilities which are not needed.

You did not mention whether all of the bonds authorized have been sold -- \$5,500,000. If some of the bonds have not yet been issued, and no more money is needed for the facilities which are determined to be necessary, simply do not issue those bonds. If there is a question as to what to do with existing surplus money - whether or not all of the authorized bonds have been issued - it should be taken from the "1970 Highway Maintenance Facilities Construction Fund", created under sec. 4, ch. 221 SLA 1970, and put in the "1970 Highway Maintenance Facilities General Obligation Bond Redemption Fund", created under sec. 5, ch. 221 SLA 1970. As Bond Counsel C. Richard Walker advised in his January 19, 1973 letter to Commissioner Stevenson concerning ch. 180 SLA 1970 and sec. 3 of pending HB 47, "If the State government determines that [this money] should not be expended for the purpose for which the voters authorized [it] to be expended (and the purpose for which the bondholders loaned the money in question), it is natural and logical that the State should achieve, as nearly as possible, the same result as if the bonds had never been issued. This can be accomplished by transferring the unexpended proceeds to the fund dedicated to the payment of the bonds. That is the result commonly provided for by statutes dealing with situations of this kind."

The California Supreme Court concluded its decision in the Jenkins case, supra, with the observation:

"It seems to us that the views herein expressed are consistent with the letter and spirit of the statute, and that the construction contended for by [those who would seek to shift the funds] would open

Joseph R. Henri

- 9 -

April 26, 1974

the door to possible, if not probable, dangerous abuse of power, and would take from the vote of the people all its significance as well as defeat its purpose."

Very truly yours,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By:

Arthur H. Peterson
Assistant Attorney General

AHP:fw

cc: The Honorable Bruce Campbell
Commissioner
Department of Highways

alaska
methodist
university

7.43

office of the president

May 19, 1975

MEMORANDUM

TO: All State of Alaska Legislators

FROM: Ac Wischmeier, Chairman of the Board of Trustees

The Alaska Methodist University Board of Trustees met Saturday, May 17, in Seattle, Washington to consider pending State of Alaska Legislation pertaining to Alaska Methodist University. In order to assist in this legislation the Board took the following action:

Moved by Hood that the Board approve the concept of an option to purchase from the State of Alaska and that the Negotiating Team continue discussions with the State in pursuit of this concept, all subject to final approval by the full Board of Trustees; seconded by Thompson.

Discussion followed and on call for the question, the motion carried unanimously.

Ac Wischmeier

alaska
methodist
university

office of the president

May 19, 1975

MEMORANDUM

TO: All State of Alaska Legislators

FROM: Ac Wischmeier, Chairman of the Board of Trustees

The Alaska Methodist University Board of Trustees met Saturday, May 17, in Seattle, Washington to consider pending State of Alaska Legislation pertaining to Alaska Methodist University. In order to assist in this legislation the Board took the following action:

The Board of Trustees will rewrite the Articles of Incorporation deleting the requirements for specific representative of the United Methodist Church, deleting any fixed percentage of members from the United Methodist Church, and deleting the requirement that nominees be approved by the National Division of the Board of Global Ministries; provided that none of the above shall be construed to prohibit membership on the Board by representatives or members of the United Methodist Church nor to preclude the continuing relationship of the United Methodist Church to Alaska Methodist University; and further that the Board of Trustees, for the purposes of administering funds from the sale of any assets to the State of Alaska, shall be composed of a majority of Alaskan residents selected to encourage broad state representation and that, in the selection of the Board, discrimination based on race, religion, skin color, national origin, ethnic background, or sex shall be prohibited.

Carried unanimously.



P.S. This action is subject to approval of the parent corporation which is the National Division of the Board of Global Ministries of the United Methodist Church.

7.43
Sen Holman
AMU purchase
FUI from
Gene Greene

PRESS STATEMENT
UNIVERSITY OF ALASKA AGREEMENT TO PURCHASE
ALASKA METHODIST UNIVERSITY

For several weeks the executive and legislative branches have been reviewing the information provided by Alaska Methodist University and the University of Alaska regarding the proposal for the University of Alaska to purchase Alaska Methodist University and transfer the programs to the University.

There are several issues both implicit and explicit in deciding what action should be taken. While I do not feel it is the prerogative of the Office of the Governor to determine the various means for implementation of any action chosen, I do feel that it is incumbent upon me to offer some kind of statement of policy direction.

1. The Purchase

It is my position that a purchase, since it is a substantial capital investment, should not be carried out without an opportunity for voters to give direction. A bond issue should be placed on the November 1976 ballot. In the meantime, I recommend a lease of Alaska Methodist University facilities by the University of Alaska with an option to purchase, contingent on voter approval on the bond issue. The option monies should then be applied to the purchase price.

2. The Educational Program

It is becoming increasingly clear that Alaska Methodist University has provided a program which has met specific needs of the Alaskan citizenry and, by virtue of its flexibility, has been able

to stimulate an imaginative educational program in Alaska. There is little doubt that some of the difficulties faced by Alaska Methodist University are directly tied to the growth of the Anchorage campus of the University of Alaska.

It would be my recommendation that the State guarantee a continued operation of Alaska Methodist University programs through either contractual relationship with Alaska Methodist University or the necessary adjustments in the tuition assistance program.

By the State providing an approximate \$1.9 million option funding and increasing tuition assistance for both Alaska Methodist University and Sheldon Jackson to \$16 hundred it appears that the additional funding necessary to keep Alaska Methodist University programs operating, would be approximately \$175 thousand or the difference between the \$16 hundred of tuition assistance and the actual cost amount. If the State added the \$175 thousand support to the \$1.9 million option monies and applied that amount of approximately \$2.1 million to the purchase price, in the event of the passage of a bond issue, the net cost for educating the students for that year would likely be no more than the cost of educating them at the University of Alaska.

The funding for the two year period involved would then be basically as follows:

ALASKA METHODIST UNIVERSITY

1975-1976

Option to Alaska Methodist University	1,930,000
Tuition Assistance @ 1850	1,295,000
Nursing Grant	<u>327,000</u>
TOTAL STATE	3,552,000

<u>OPTION</u>	1,930,000
	<u>175,000</u>
	2,105.00

1976-1977

Option	1,200,000
Tuition	1,295,000
Nursing Grant	<u>350,000</u>
TOTAL STATE	2,845,000

<u>OPTION</u>	1,200,000
	<u>175,000</u>
	1,375,000

Under a program such as this the recently formed post secondary education could perform most responsibility the charge given through statute, and hopefully, the entire State would be benefited by a more thorough, far-reaching analysis future of post secondary education in the State of Alaska.

It is my understanding that this recommendation is consistent with the general concepts of the suggestions adopted by the interim committee on higher education and submitted to the House Finance Committee.

I am encouraged that the executive and legislative branches may reach mutual agreement on the wisest way to address the Alaska Methodist University purchase question and that the Post-Secondary Education Commission may have a significant role in truly directing discussions surrounding this major move in higher education.

alaska
methodist
university

office of the president

February 27, 1975

Rich Guthrie, Fiscal Analyst
State of Alaska Audit Division
Pouch "WF" State Capitol Building
Juneau, Alaska 99801

Dear Mr. Guthrie:

It has come to my attention that some legislators may have inaccurate information relative to Alaska Methodist University. A number of factual errors have been published recently in certain news media and/or in the January 1975 Higher Education In Alaska 1974-1975 by McLean Associates. In order that you may have accurate information for your anticipated decision making, I respectfully submit the following statements.

AMU purchased, between 1955 and 1962, a total of 505 acres of land. The land was acquired under the Recreation and Public Purposes Act, 43 USC 869, and under the regulations implementing that Act, 43 CFR Part 254. The land was acquired in accordance with the Recreational and Public Purposes Act at a reduced price based upon the appraised value of the land at the time and was not given to the University as has been indicated in the sources cited above.

The enrollment at Alaska Methodist University has not been declining in recent years. The fall semester 1974 total enrollment was 1564 headcount; 817 full time equivalents, not counting students cross registered from the University of Alaska, Anchorage, and 875 full time equivalents including cross registered students. These enrollments are the highest in the entire 15 year history of AMU. This has occurred in spite of our problems and bad press over the past many years.

Contrary to the McLean Associates report, I was not forced to select administrators from the existing faculty because of financial necessity. Three years ago, when I came to AMU, I was faced with, among other things, the recruitment and establishment of a second level of administration for the institution. Such a second level was clearly needed to accomplish necessary tasks, provide supervision, and to build a base for institutional continuity. In my judgment, it was not advisable to go Outside to find experienced administrators

Letter to Legislators
February 27, 1975
Page two

who would then have to learn about Alaska when we had, on our staff, highly qualified Alaskans who could learn to be administrators. Furthermore, an analysis of the relative costs of the two approaches clearly indicated that the second one would result in an annual saving of several tens of thousands of dollars.

Furthermore, everyone of the administrators, including the president, teach classes in order that we may better keep in touch with the main clientele of the institution, the students. Thus, we have built a system whereby more resources are brought to bear in decision making, and those making the decisions have continuing first hand experience with the main purpose of the University.

I hope this information will be helpful. As soon as we have the necessary data and the actions by the University of Alaska Board of Regents and the AMU Board of Trustees we shall be in contact with you.

Thank you for your continuing concern for improved higher education in Alaska.

Sincerely,

A handwritten signature in cursive script, appearing to read "John O. Picton".

John O. Picton
President

JOP: mb



7.43

AMU
Purchase

UNIVERSITY OF ALASKA

FAIRBANKS, ALASKA 99701

March 21, 1975

Department of Law
Office of the Attorney General
Pouch K
Juneau, Alaska 99801

Attention: Mr. Mark Ertischek

RE: Purchase of Alaska Methodist University by Use of General
Obligation Bonds

Gentlemen:

I want to provide you with the following information as a followup to our informal discussion of last week. I think that the Attorney General's office and the University are in agreement that, except to an extremely limited degree, use of these funds for the purchase of Alaska Methodist University would not be proper. We are also in agreement as to the reasons for that result and I will not take time to restate them here.

I have looked, with no success, for a proper citation to the case that I referred to in our discussion but am providing you with what details I know of it in case you should decide you need to pursue it. The case was tried in Alameda County, California, in approximately 1969 or 1970. In that case the Bay Area Rapid Transit System bonds, approved by the voters, had provided for undergrounding of the portion of the tracks of the system located in Berkeley, California. The tracks were installed above ground by the Rapid Transit authority and a lawsuit ensued. There were numerous plaintiffs as I recall, including several groups such as taxpayers' associations, neighborhood associations, etc. The City of Berkeley may have been a plaintiff. The court held that the representations to the voters appearing in official election brochures as to the proposed use of the bond funds were binding. The court ordered the tracks ripped up and replaced with an underground system. It seems to me that this case has compelling similarities to the Alaska Methodist University purchase situation.

Department of Law

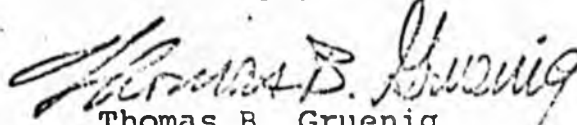
- 2 -

March 21, 1975

Some additional factors which bear on this matter are:

1. The University has already opened bids on the great majority of the work projected to be done with the bond money. In my opinion there is already some exposure to liability should these bonds be rejected for reasons within the control of the state, even though no bids have yet been accepted.
2. As you may have heard the University bonds received no bidders when they were offered for sale last Wednesday. These bonds may prove difficult to sell on acceptable terms even under the best of circumstances. They may prove impossible to sell if there are doubts as to the propriety of the use of proceeds.

Sincerely yours,


Thomas B. Gruenig
University Counsel

cc: Bill Ray, Chairman, Senate Finance Committee
Dr. Hiatt, President, University of Alaska
Andy Warwick, Commissioner of Administration
Rich Guthrie, Fiscal Analyst ✓

File
AMU

alaska methodist university

For two years a team at Alaska Methodist University has been contracted to assist the Division of Family and Children Services in efforts to build a viable training and education system for Assistance Payments employees and Program Service Aides in rural Alaska. Teams have worked in the Northern and South Central Regions. Team members have had the opportunity to meet many Division employees more than one time, and have visited a variety of offices. Each experience has been unique.

The reason for an interim report at this time is that contracting for F.Y. '76 training will be taking place within the next few months. An end-of-the-year report will not have any impact this period, nor will the Department be able to utilize information generated by this contract if the June report were the only one issued.

BACKGROUND OF THE D.F.C.S. TRAINING SITUATION:

Totally, the Division of Family and Children Services contracts training at the \$800,000 level in Fiscal Year 1975. During this fiscal year, there are two Alaskan training institutions fielding training for the Division plus the University of Washington and the University of Utah. This is known as the "Great Rip-Off" by some, and "the University Subsidy Plan" by others. Few see it as a comprehensive training process.

RECOMMENDATIONS

1. A well coordinated client delivery system will spell out training needs. The Division should coordinate the needs and the training.
 - a. The division should determine realistic goals of skill and performance for employees. This should be shared with the employees.

- b. Training and educational opportunities should be publicized in order for trainees to understand training goals of the Division for their employees.
2. The Division should determine a realistic fiscal cost goal to cut the error rate in Assistance Payments. Strategy should include a realistic systemic consideration of the problems causing the errors both regionally and statewide. Training needs should be considered as part of this strategy, but not the total solution to the problem.
3. The Division should thoroughly study their system of client service and impact. From this, there will be changes needed for efficiency and changes needed to save money. These should be enacted after careful study by managers and supervisors.
4. The Legislature should consider the management system analysis needed, and encourage same with funding. Another alternative is to fund the in-kind monies needed to seek federal match funds either under research and development or management funds.
5. The Division should require accountability. The Legislature should require this from the Department.
6. The Department should reflect incentives to improve work skills in a realistic career ladder for employees in a variety of Alaska regions. Training and education which they are receiving does not lead them anywhere with the Department. Some find an incentive to move to another agency where their efforts will find some return.

A SYSTEM FOR TRAINING NEEDS TO BECOME AN INTERGRAL
PART OF THE TOTAL DELIVERY SYSTEM:

There appears to be little, if any, overall training strategy in the Division. The results of training and educational opportunities are seen by some employees as an insult to their work. They do not see any relationship between training, education, and Division work requirements. Nor do employees see any return when they work hard to complete college-level classes which have been encouraged by the Department through training contracts. There is little incentive for improvement as reflected in the inadequate career ladder plans.

There are many service delivery problems within the Assistance Payments Division. Most prominent among these is the "error rate". That is, the rate of errors of declaration and payment within the Assistance Payments Clients keeps going up. This error rate is checked by a watchdog group within the agency - Quality Control. The Federal Authorities penalize the State by decreasing their participation monies as the error rate increases.

One generalization seems to be true across the state. The Quality Control unit has a very large travel budget and better access to clients than the Assistance Payments Workers do. This is particularly true in the rural areas where A.M.U. teams have been teaching. Workers feel that if they too had more access to the rural clients, they would be able to cut the error rate at the source. Morale is very low regarding this point. Case loads are very high and paperwork is increasing. Workers feel inundated with paper. No amount of office flow training by any institution will change the situation.

During the past two years the A.M.U. Team has gathered facts about the employee's work tasks. These have not been matched with the skills needed to complete the work. Training should respond to task and worker needs. Last year the A.M.U. staff and others recommended that there be an "in-house trainer" to deliver to the Assistance Payments Employees information about the many changing Federal regulations which affected their many clients. This was extremely important to the employees. There is such a trainer this year that they are better informed.

THE ADOPTION OF A TRAINING STRATEGY AND TRAINING
PLAN IS A CENTRAL QUESTION TO THE DIVISION:

The A.M.U. staff recommended a systematic study of client impact last year. The need has not changed. The study should be done by a contractor outside of the Department and should begin with the initial client intake process and the back-up information.

The study should examine the management system as well as the delivery system. This is critical for both Assistance Payments and Social Services. Continuing the systems analysis plan - service to clients should be analyzed to determine regionalized system needs which will decrease the number of errors on client information forms and increase social services. Employee training and client information programs should reflect the findings.

Educationally, when the systems analysis has been completed, a total training need plan should be drawn up and made public. This should include specifications for training needs. Training institutions and groups should be publically notified in a call for bids. Project training specifications should be available from the Department. The Department then takes the responsibility for the development of a comprehensive training system and requests contracting experts to deliver the actual training.

EDUCATIONAL MODELS HAVE BEEN DEVELOPED
WHICH FACILITATE RURAL LEARNING
SUCCESS.

Program Service Aides/Social Service Aides:

1. Of the 17 Aides who are enrolled in classes, each who attended all 3 seminars will complete one three credit university course in sociology which has been initiated during this fiscal year.
2. Some will complete a three unit Sociology 27 course begun last year.
3. Most will complete some units in refresher or the beginning Language and Literate course. These credits are negotiable, depending upon how much work is completed, and at which level.

Assistance Payments Employees:

1. Eleven field offices in rural Alaska will have been contacted this year by training teams. Major subjects have been principles of management, office efficiency, and office practice. The application of the theoretical to the practical has been important. There will be a variety of university credit earned for these workshops in the Business Administration Department. This has been sponsored by the Assistance Payments Division, and available to any workers in the office.

Educational Models:

The team has carried the same basic personnel for two years. Only recently has there been a total willing participation of all P.S.A.'s. Trust is an important factor. The personal approach is important. The uncertainty of the F.Y. 1975 contracting caused people to be apprehensive about the worth of putting effort into any class. However, when the group met again,

in October, people could continue work begun the previous year with the same staff. The trainees feel that this continuity contributed to the success and completion of classes.

During F.Y. 1974, the teams delivered seminar workshops to the Northern Region Assistance Payments workers. These were in cooperation with Division personnel who presented in-service information. Trainees from various offices met at a central workshop. This same model was utilized in F.Y. 1974 to begin management information seminars. In the South Central Area, teams have been visiting offices and presenting the seminar in each office. This has been more successful, because the workers do not have to be away from their desk so long, and the offices are immobilized for less time. Trainees seem to be more responsive to this delivery model than to the classroom situation, because it relates to their own office.

Testing and verification of information learned has been difficult. In very few cases are teachers aware whether this material is entirely new to trainees.

The delivery style has been one of assisting trainees to improve their working skills and giving necessary information for workers to change their own situations. This latter part of the year, each office staff in the Northern Region is prioritizing their needs from a list of management skills. The team then responds to these needs with individual agendas. In the South Central Region, the Central Office Assistance Payments Manager set priorities with the training team.

REPORTING AND ACCOUNTABILITY

As part of a total training strategy, specific needs will be spelled out. The accounting process for results logically then becomes part of the contracting process. However, if the Department and the Division of Family and Children Services plans to contract piecemeal for different types of training, there should be some in-house evaluation instruments developed to accomplish this fact. There are ways to determine the cost-effectiveness of training and education.

INCENTIVE TO LEARN

The employees have very little incentive to learn new material or to return benefits from the workshops and seminars. Too often the employee is encouraged to learn new techniques and his creativity or incentive to utilize this information is stifled by the system where he works.

THE SITUATION AS IT IS

This is a resume' of a January Interim Report sent by the Alaska Methodist University Training Systems team to Commissioner McGinnis of the Department of Health and Social Services. The A.M.U. team has participated in a training program for the Division of Family & Children Services. The purpose of this report was to inform the Commissioner of the activities of this contracting team, and to alert him to concerns which should be addressed before new contracts are discussed for F.Y. 1976.

In order to attempt to begin building a system of training for the Division of Family and Children Services, it has been necessary to make an analysis of the internal structure of the Division. This contract between Alaska Methodist University and the Department has resulted in a number of informational outcomes. Conference lists have been developed to describe the worker's actual job tasks.*

Another dimension of information which has surfaced includes the feelings of various levels of workers about the Department--their employing agency. Supervisors and Eligibility Workers have participated in such discussions as part of their class in Introduction to Office Management. Clerks have participated in Office Worker Seminars. These feelings have not been solicited by the training staff. They come as frustrations expressed during discussions of an office management system.

It is interesting to note that in a large geographical area such as Alaska, with relatively few workers, that there are the typical elements of a large government bureaucracy. Employees feel quite close to their local office fellows, but feel that regional offices and state office personnel neither know them personally nor do they particularly care about the position of the worker and the client. Local office employees feel

* (A conference list is a consensus of all members of a training group about certain information -- in this case, a consensus of those tasks which keep a particular worker busy during working hours.)

personally close to clients, not because they are particularly overendowed with generosity or empathy, but because most Department employees in rural areas live and work in very close proximity with their clients. Most deal with client problems during non-office hours as well as within the formal working period. This fact has been of advantage to the Department. It has been and continues to be difficult to orient a new worker from "outside" to the residence area and people. General Department practices prior to 1974 have not provided any new employees with a planned work orientation, nor has there been more than an informal introduction to the new residence area. Veteran employees cannot recollect a training system for new employees. The Department established this in F.Y. 1975. (a recommendation suggested in the F.Y. 1974 A.M.U. Training Systems report). This in-service training effort was seen as a positive beginning to any Department program addressing a recognition of individual employee need.

Whether the Department employee contacts clients during formal working hours or off the job it is extremely important that contact be in the best interest of the Department, the Division, or job to which that employee is assigned.

Current Concerns of Employees:

During informal discussion, employees have reflected during this 1974-75 training year that the prime concern of the Department has been with decreasing the so-called "error rate." As general good management practices have been discussed as part of the regular class, there has been a hesitancy on the part of the instructors to discuss the actual working conditions, for these do not coincide with the practices of the Department in many instances. It has not been the intent of the A.M.U. contract staff to undermine the Department. Instead, there has been a conscious effort to lend as much support as possible to the efforts of the Department in building of morale and of skills among the Supervisors, Eligibility Workers, Office Personnel, and among the Program Service Aides and Social Service Aides.

Recommendation:

It is the firm recommendation of this contract team that some provisions be made within the Department to utilize the collective energies and working knowledge of the employees to solve some of the multitude of problems which face the Department.

1. Personal Communication is essential.
 - a. There should be an increased number of contacts at all levels.

Many office employees could not remember the last time their supervisor was in the local office, and most had never related to the person who supervises the regional offices.

- b. Workers feel that they must have an increasing personal contact with their clients. Eligibility Workers feel extremely frustrated when Quality Control workers have an unlimited travel budget to detect errors and yet the worker has not been able to personally meet the client in order to prevent the errors.

2. Realistic response to the workers request is needed.

Some workers related in sessions about management, that there had been two or more years lag between questions and answer to a client problem. Most workers are aware that there is at present a rapidly changing set of Federal Regulations which has necessitated a rapid revision in the regulations and reference for regulations. Workers feel they may not have correct answers and may not have access to them. This continues to elicit frustrations. Some workers feel that they have been abandoned without proper warning.

3. Realistic response to the work load requests is necessary.

Almost all workers are aware that their workload depends upon the whims of the final Free Conference Committee of the Legislature on the Budget. At least most workers are aware that there is ultimate control over their workload by the Legislative decisions regarding the budget. Many are not sure Department personnel hear their needs.

Some workers feel very oppressed by the lack of new positions in their offices, and thus a bigger work load. In discussions about office management and control, there is continuing frustration expressed about the increasing amount of paperwork, the duplication of form and information, and about the inappropriate forms and information requests for many of the rural clients.



3211 Providence Drive • Anchorage, Alaska 99504
Phone 272-5522
Serving Alaska Methodist University and University
of Alaska, Anchorage

March 11, 1975

*fy
AMU*

Miss Elizabeth Carroll
Assistant Director for AMU
Consortium Library
3211 Providence Drive
Anchorage, Alaska 99504

Dear Elizabeth:

I have read the copy of the memorandum which you sent to Dean Ross Schaff, giving your reply to statements attributed to me in the McLean Report. I saw the McLean Report for the first time a few days ago. There are some statements recorded there which I did not make; some other statements of mine were extrapolated and reported accordingly.

I did not say that AMU had made no contribution to the book budget of the Consortium Library. I reported that about \$25,000 had been allocated for materials. I further reported that after the end of the fiscal year, you told me that the bills for much or most of the materials which you had ordered had not been paid from the FY 1974 book budget. You said that the bills had been carried over and the funds meant for library use had been used to pay other obligations, therefore you were uncertain as to what AMU's contribution had actually been for the 1974 fiscal year. The foregoing was precisely what I told the committee.

With regard to the \$7,000 or \$8,000 which I said had been spent from UAA funds in filling book orders requested by AMU personnel; I told the committee that AMU's contribution had originally been budgeted by the library to be spent on microfilm, and that other requests made by AMU faculty had been routinely purchased out of the state-appropriated funds for the Consortium Library. After \$7,000 or \$8,000 had been spent filling AMU requests, I was informed by Dean Schaff that AMU did not feel that microfilm was a suitable investment for AMU to make. At this point responsibility for deciding what should be purchased with AMU funds was turned over to you.

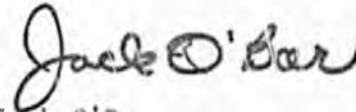
You raised a number of other points which I should like to answer, but to do so would require so many words that it would probably add to rather than clear up any confusion which may exist.

Please reply Air Mail

Miss Elizabeth Carroll
Page 2

Provost Haines to whom I report in the University of Alaska was present at the meeting. I am confident that he will confirm that I said nothing derogatory about Alaska Methodist University.

Yours truly,

A handwritten signature in cursive script that reads "Jack O'Bar". The signature is written in dark ink and is positioned above the typed name and title.

Jack O'Bar
Director

JB:bh

cc: Interim Committee on Higher Education ✓
Provost Lewis Haines
President John Picton
Dean Ross Schaff
Vice-President Richard Gay

alaska
methodist
university

office of the president

November 18, 1974

The Honorable George Hohman
Bethel, Alaska 99559

Dear Senator Hohman:

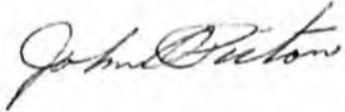
Now that the election has passed and the new legislature is on the horizon I wish to express my best wishes for your efforts as a citizen leader in the affairs of our state.

On behalf of Alaska Methodist University, I pledge our resources to the education of responsible citizens.

Your interest in our students and their program will be appreciated.

Please visit us when your schedule permits. We wish you satisfaction and success in your work.

Sincerely yours,



John O. Picton
President

JOP:mb

FACTS ABOUT ALASKA METHODIST UNIVERSITY

Anchorage, Alaska

1974-1975

History Alaska Methodist University was founded by the National Division of the Board of Missions of the Methodist Church in the belief that Alaska's future depends on the strength and character of her people. It is open to students without regard to race, color, or creed.

The University was chartered in 1957. The campus was dedicated on June 29, 1958 - one day before Alaska was granted statehood. Classes began in September of 1960 with 17 faculty members and 152 students.

The first four-year period was completed in May 1964, and full accreditation was awarded by the Northwest Association of Secondary and Higher Schools. Renewal was granted in 1971. The degrees available are: Bachelor of Arts, Bachelor of Science in Business Administration and Economics, Bachelor of Science in Nursing, and the Master of Arts in Teaching.

The Campuses The main campus is located on 300 wooded acres five miles southeast of downtown Anchorage. Present buildings include Grant Hall, the main academic building; Gould Hall, the men's residence; faculty homes for 13 families; and a three-building complex comprising the campus center, the women's residence hall, and a 21-unit apartment building for faculty, married students, and staff.

In addition to the buildings on the campus, the University also maintains tennis courts and ten kilometers of cross-country ski trails, which are woven through the forest surrounding the University. The Edith Waldron Carillon Tower is a recent addition, and its simple but dignified beauty is destined to be a favorite campus landmark.

Recently Miss V. Louise Kellogg donated her Spring Creek Farm to AMU. The 780-acre wooded farm is located 60 miles from Anchorage in the Matanuska Valley near Palmer. This beautiful property, with marvelous possibilities for expanded AMU service, will be known as the Kellogg Campus.

Library The Consortium Library is a joint facility provided by AMU, the University of Alaska, Anchorage, and the Anchorage Community College. About 175,000 volumes and other items are available to students, and almost 1500 periodicals are received on a regular basis in this united effort.

Management The Trustees of AMU are aggressively implementing changes in the direction of the University. The day to day policy-making decisions are shared by resident Trustees, who consist of prominent and successful Alaskan leaders in civic, business, cultural, religious, and governmental matters. The full Board of Trustees includes outstanding leaders from across the nation. President John O. Picton, as administrative leader, comes from extensive experience in curriculum development, which has already resulted in University-wide renewal.

Area and Institutional Enrichment The thesis that Alaskan students want diverse higher educational opportunities, which will fit their needs, was substantiated when, as a result of the passage and funding of the State Tuition Grant legislation, AMU's enrollment showed a substantial increase over previous years. In addition to the numerical increase in enrollment, which resulted in excess of 1200 different individuals plus more than 200 cross-registered students from the University of Alaska program in Anchorage, there was a marked increase in the state-wide and cultural diversity of the student body.

The Anchorage Higher Education Consortium Agreement, which is an official cooperative association between the University of Alaska, Anchorage, and Alaska Methodist University, wherein there is a sharing of courses and facilities, has provided variety, without unnecessary duplication, in educational programs of integrity for more than 1400 students. And this has been accomplished at less expense to both the taxpayer and the student than otherwise would have been the situation if there had been only the state programs.

The savings and enrichment in higher education through Consortium are directly dependent upon the continuation of the tuition grant program.

New Directions and Continuing Commitments Concurrent with the restructuring of the Board of Trustees and the Administration, deliberate steps have been taken to make the academic programs at AMU more responsive to both the immediate and long-range needs of Alaskans. Through an intensive series of activities, representative trustees, faculty, students, staff, and administrators have identified some major challenging needs of Alaska, to which the University will address its program. Those challenging needs have been selected because of present capabilities and programs already in process.

The target needs are centered in health services; intercultural studies, with Native studies as a basic component; environmental studies; and the liberal arts.

AMU



alaska methodist university

March 5, 1975

George Hohman
Senator
Interim Committee on
Higher Education
Pouch V
Juneau, Alaska 99801

Dear Senator Hohman,

Last week Dr. Ross Schaff, Academic Dean at Alaska Methodist University asked me to respond to certain statements in the report on higher education in Alaska issued by McLean Associates.

I am sending you a copy of my reply, because the statements with which I disagree were apparently made to your committee. If you have any questions regarding Alaska Methodist University's place in the Consortium Library I would be more than pleased to answer them.

Thank you for your time and interest.

Sincerely yours,

Elizabeth Carroll
Librarian

EC/tc

Encl.: 1

1. I was shocked when I read the statements by Mr. O'Bar concerning AMU's contribution to the Consortium Library. He stated that AMU had made no contribution toward library materials for the library in fiscal year 1974. This is simply untrue. During the fiscal year ending in June of 1974 I committed \$24,000 of AMU's regular budget, \$5,000 of AMU's federal grant and approximately \$2,000 from the Kellogg grant toward library materials. Our purchase orders are available, should anyone care to inspect. Many of these books have not arrived because of the demise of the jobber we used, but many have come and others have been re-ordered; whatever has come and whatever is coming was destined for the Consortium Library. Originally the entire AMU book and periodical budget was to have been spent by the UAA library personnel. However, once the AMU system was explained, the UAA technical processing head refused to accept the responsibility of handling our money; therefore we had no choice but to send out the book and periodical orders ourselves.

2. In response to Mr. O'Bar's statement about buying \$7,000 to \$8,000 worth of books "for the AMU faculty" the AMU faculty had been in the habit of helping with our book selection and continued to do so after the two libraries were put together, thinking that their suggestions would still be welcome. I can think of no other reason for his statement, because all books ordered by UAA with UAA money have become UAA property, as they should. And if we are being this careful in our accounting, does this mean that the \$7,000 to \$8,000 was AMU's share in the \$250,000 bond issue?

3. ~~Nothing was said~~ regarding the ~~fact~~ that although UAA controls all technical processing in the library only ~~292 AMU books~~ were ~~processed~~ during fiscal year ~~1974~~. This was another shock because ~~AMU~~ with only four full-time people in its library was able to maintain a rate of ~~processing~~ from ~~4,000 to 5,000 per year~~ since its inception in ~~1960~~.
4. I am convinced that when Mr. O'Bar refers to the "Consortium Library" he actually means the UAA part in it. He does not include me when he states that there are only 7 professional librarians, although I have been there for some time. I presume that since AMU continues to own its own property, he feels that we are not a part of the library. Notable here is the fact that all UAA books are stamped "Consortium Library", while AMU property is stamped "AMU". (The joint agreement between Regents and Trustees is quite clear in stating that "each party shall place its identification in each book".) ~~I honestly think that Mr. O'Bar believes that the UAA is the Consortium and AMU should merely hand over all of its property and be delighted for the opportunity to do so.~~

E. J. Powell



AMU

UNIVERSITY OF ALASKA

FAIRDENIS ALASKA 99701

March 21, 1975

Department of Law
Office of Attorney General
Pouch K
Juneau, Alaska 99801

Attention: Mr. Mark Ertischek

RE: Senate Finance Committee's Request Concerning funding of
Community Faculty Agreement

Gentlemen:

In regard to the Finance Committee inquiries regarding funding of the University's Collective Bargaining Agreement I would like to offer the following views.

1. Is the Legislature required to fully fund the Community Faculty negotiated agreement? If not, what options are available to the Legislature?

A.S. 23.40.215 provides that: "The monetary terms of any agreement entered into under the Public Employment Relations Act are subject to funding through legislative appropriation." In addition, some specific provisions of the contract which will cost money are made conditional upon legislative funding for the purpose by the express language of the contract. These include faculty office (Sec. 6.8), the implementation of the Bargaining Unit salary schedule (Sec. 8.3), the implementation of the cost of living escalator (Sec. 8.3), implementation of the area cost of living differentials (Sec. 8.4), funding of professional development leave provision (Sec. 9.1, subdivision t). Your attention is also directed to Sec. 13.5 which expressly provides that the portions of the contract requiring additional funds shall not become effective without legislative action.

Therefore, in my opinion, the legislature is not required to fully fund the agreement. The professional development leave

provision would wholly fail if not funded to the 5% level specified in the Contract and in my opinion would have to be fully funded or not funded at all. The other provisions of the Contract may be funded fully or to any lesser degree that the Legislature chooses. It is of course the University's position that the Legislature is morally obligated to fully fund all provisions of the Contract, having enacted the legislation which resulted in the Contract.

2. The Contract provides for an Agency Shop. Are non-union members of the bargaining unit guaranteed the same benefits and working conditions as union members?

A.S. 23.40.110 (a) (1), (2), and (3), provide for the obligation of a public employer or his agent not to interfere or discriminate in respect to membership or participation in a Union. To provide different benefits and working conditions for Union members as compared to non-Union members of the same Bargaining Unit would, of necessity, be either a punishment or reward for Union membership, would place the University in an inherently pro- or anti-union stance, and would clearly be discriminatory in violation of (3). The Contract itself prohibits any distinction between Unit members (see Sec. 3.2 of the Agreement entitled Non-Discrimination).

It appears to me that the Legislature is not bound by A.S. 23.40.110 since the Legislature is not the "Public Employer or his agent" within the meaning of the act. However, for the Legislature to act in a way prohibited to a Public Employer is clearly contrary to public policy as set out in the act. Moreover, in my opinion, the University of Alaska could not lawfully carry such discrimination into effect even if funds were appropriated in a differential manner by the Legislature because the University would be prohibited from doing so as a Public Employer under A.S. 23.40.110. Finally, it appears to me that the Community College Faculty Contract, having been negotiated by an arm of the State pursuant to statute, now constitutes a contractual obligation of the state which Article I, Sec. 10 of the United States Constitution prohibits the State of Alaska from impairing (the only exception being monetary terms of the agreement as reserved in A.S. 23.40.215). Moreover, different treatment for Union and non-Union members would raise serious questions of due process and equal protection of the law under both the federal and state constitutions. It is therefore my opinion that all members of the Bargaining Unit must be provided the same benefits and working conditions without regard to Union membership.

Department of Law

- 3 -


March 21, 1975

3. Is the Legislature required to fully fund the cost of non-Union members' benefits and working conditions? If not, what options are available?

Referring to my responses to questions 1 and 2, it is my opinion that the Legislature is not required to fully fund the cost of non-Union benefits and working conditions. However, Union members may not properly fare any better or worse than non-Union members. Therefore, in my opinion, the options available are those advanced in response to question 1. The option of funding non-Union members benefits and working conditions to a greater or lesser extent than Union members is not available.

I realize that this letter is coming to you after the March 17, 1975, date for response requested by the Finance Committee but I hope that it may be of some use to you anyway.

Sincerely yours,


Thomas B. Gruenig
University Counsel ✓

cc· Bill Ray, Chairman, Senate Finance Committee
Dr. Hiatt, President, University of Alaska
Andy Warwick, Commissioner of Administration
Rich Guthrie, Fiscal Analyst ✓

mh

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement is made the 27th day of March, 1975, by and between the University of Alaska (hereinafter UA) and Alaska Methodist University (hereinafter AMU).

W I T N E S S E T H:

WHEREAS, AMU is willing to sell its campus and buildings and certain personal property at Anchorage, Alaska; and

WHEREAS, UA is desirous of purchasing said campus, buildings and personal property;

NOW, THEREFORE, the parties agree as follows:

1. AMU agrees to convey to UA in fee simple absolute its entire campus at Anchorage, Alaska, with the exception of the following described parcels: ^{AMU} containing 22.5 acres in all *

Parcel No. 1

The Southwest quarter (SW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 2

The West half (W 1/2) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 3

The South half (S 1/2) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 4

The Northwest quarter (NW 1/4) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Together with a guaranteed one hundred foot (100') road easement from the Northwest corner of Parcel 4 North to University Drive and a guaranteed one hundred foot (100') road easement from the Southeast corner of Parcel 2 East to the section line.

The land which is agreed to be conveyed hereby, excluding the above-described parcels, contains approximately 267.5 acres and is more fully described as follows:

Parcel No. 1

The South half (S 1/2) of the Southwest quarter (SW 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 2

The Southwest quarter (SW 1/4) of the Southeast quarter (SE 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 3

The Northeast quarter (NE 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 4

The Northeast quarter (NE 1/4) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 5

The East half (E 1/2) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 6

The East half (E 1/2) of the East half (E 1/2) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 7

The South half (S 1/2) of the South half (S 1/2) of the Northwest quarter (NW 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 8

The North half (N 1/2) of the South half (S 1/2) of the Northwest quarter (NW 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 9

The North half (N 1/2) of the Northwest quarter (NW 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 10

The Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 11

The North half (N 1/2) of the Southwest quarter (SW 1/4) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 12

The South half (S 1/2) of the Southwest quarter (SW 1/4) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 13

The East half (E 1/2) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 14

The South half (S 1/2) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 15

The Northwest quarter (NW 1/4) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 16

The South half (S 1/2) of the Northeast quarter (NE 1/4) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 17

The Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 18

All that portion south of University Drive of the North half (N 1/2) of the Southwest quarter (SW 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 19

All that portion south of University Drive of the Northwest quarter (NW 1/4) of the Southeast quarter (SE 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

2. AMU agrees to transfer to UA all improvements on said real property. The buildings include the following:

- a. Gould Hall
- b. Grant Hall
- c. Campus Center Buildings
- d. Behavioral Science Building
- e. Faculty housing (9 units)
- f. Maintenance and storage buildings

3. UA agrees to pay the sum of \$15,427,000.00 for the above-listed real property and improvements. The terms of said payment shall be as follows:

- a. The sum of \$3,000,000.00 as a down payment. Said down payment shall be reduced by the sum of the obligations for salary at current AMU rates assumed by UA as a result of the termination by AMU of its faculty contracts due to the closure of AMU and the employment

by UA of some or all of the AMU faculty. The exact sum of said obligation shall be determined prior to May 1, 1975, by the joint UA-AMU administrative task force subject to the approval of the Presidents of the two Universities and shall be limited to the salary obligations at current AMU rates for faculty actually employed by UA for the 1975-1976 school year.

b. UA shall assume AMU's rights and obligations under that certain Indenture dated October 1, 1972, between AMU and the First National Bank of Anchorage, as Trustee, and under that certain Indenture dated April 1, 1966, between AMU and the First National Bank of Anchorage, as Trustee. The said Indentures have a principal balance of \$2,721,000.00, of which principal balance the sum of \$100,000.00 is presently in arrears. The additional sum of \$250,000.00 is presently due and owing under said Indentures, which sum includes \$95,000.00 interest in accordance with the payment schedules under said Indentures, \$140,000.00 deficiency in the sinking fund provided for in said Indentures, and the sum of \$15,000.00 in miscellaneous interest and penalties under said Indentures. UA agrees to assume all of said principal, interest and penalty obligations and bring all arrearages current. It is understood by the parties that the concurrence of the Trustee and the bond holder under said Indentures will be required prior to the assumption by UA of AMU's obligations under said Indentures. The parties agree to jointly approach said Trustee and bond holder to secure their approval to the assumption. The purchase price set out hereinabove shall be reduced by the amount of the assumed indebtedness under said Indentures.

c. The first installment of the down payment shall be due on or before April 15, 1975 and shall be the sum of \$1,000,000.00. The balance of said down payment shall be due on July 1, 1975.

4. AMU shall, in addition, sell to UA furniture, fixtures and other personal property for an additional sum not to exceed \$800,000.00. Schedules of said furniture, fixtures and other personal property shall be prepared and affixed to this agreement as exhibits. UA shall ^{pay for} ~~have the right to~~ an independent appraisal of said personal property, ^{(the appraiser(s) to be jointly selected)} ~~which appraisal may reduce~~ ^{shall determine} the price ^{for such property.} ~~set forth above.~~ ^{AMU may withhold any item which it believes} ~~AMU must agree to any reduction in~~ ^{is priced too low by the appraisal and UA may decline to purchase any item.} ~~said price.~~ The parties understand that certain personal property may be subject to restrictions in the applicable deed of gift and AMU may therefore be required to retain said property.

Mem.
Inventory and
Re
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5. The balance of the purchase price shall be paid in ten annual installments commencing on the 1st day of July, 1976. Each annual installment shall equal one-tenth of the principal balance remaining after payment of the down payment provided for in paragraph 3(a) herein together with accrued interest on the unpaid balance. Interest on the unpaid balance shall be prime rate charged by the Bank of America as of the effective date of this memorandum of agreement.

6. The unpaid balance due under the terms of this agreement shall be evidenced by a promissory note which shall be secured by an appropriate deed of trust on the real property and improvements transferred hereby and by an appropriate security agreement covering the personal property transferred hereby. The deed of trust and security agreement shall be superior to all other security interests in said real and personal property with the exception only of the Indentures described in paragraph 3(b) hereinabove. The deed of trust and security agreement shall provide for a minimum of six months within which any default

under said deed of trust and security agreement may be cured by UA.

7. AMU shall retain its art collection and its Alaskanana library.

8. AMU shall retain AMU Press and the publication rights to all periodicals now published by AMU Press and the copyrights to all books published by AMU Press since the establishment of AMU Press, together with current inventory of books and periodicals.

9. AMU shall retain all AMU student records. AMU shall have the right to transfer said student records to UA at some future time. In such event UA agrees to maintain the AMU student records and to answer and provide information and transcripts based upon such records upon request.

10. UA shall retain in perpetuity all existing building names, memorials, monuments, plaques or other memorial or commemorative designations or identifications on the AMU campus.

11. The parties through the negotiating committees, the Board of Regents and Board of Trustees respectively, and through the parties' legal counsel shall cooperate fully in securing approval of the sale by the Legislature of the State of Alaska and by the United States Department of the Interior. Both parties agree to use their best efforts to promptly secure the approval of both of said agencies. It is understood by both parties that the price and payment terms set forth herein are subject to approval by the Legislature. AMU reserves the right to withdraw from this Agreement, without penalty or obligation, at any time prior to approval of the sale under the terms set forth herein and the funding of said sale as agreed herein by the Legislature and the Governor.

12. The details regarding the implementation of the transfer of the property and improvements of AMU to UA shall be

negotiated by the joint AMU/UA administrative task force subject to the approval of the Presidents of the two institutions. Any dispute which cannot be finally resolved between those groups shall be submitted to the sale negotiating committees appointed by the Regents and Trustees of the two universities.

2 ^{U.S.M.} defend UA from and ^{from} ^{claim}
13 AMU will hold UA harmless ~~for~~ any litigation or
liability arising in relation to the operation of AMU ~~or arising~~
prior to the transfer of possession of the premises to UA.

14. It is understood and agreed by the parties hereto that this agreement is a preliminary agreement intended to express the general understanding of the parties with regard to the terms of the sale and that this agreement may require amendment, modification or substitution at a later date.

DATED the day, month and year first written herein-
above.

UNIVERSITY OF ALASKA

By: Robert E. McFarland
Its President, Board of Regents

ALASKA METHODIST UNIVERSITY

By: R. W. Hirschmeier
Its President, Board of Trustees AMU.

ATTEST March 27, 1975
[Signature]
SECRETARY, BOARD OF REGENTS

UNIVERSITY OF ALASKA
Fairbanks, Alaska

Office of the President

April 1, 1975

Honorable Jay S. Hammond
Governor of Alaska
Juneau, Alaska 99801

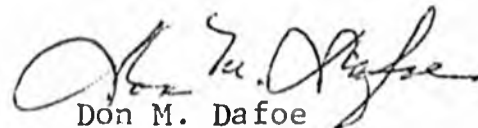
Dear Governor Hammond:

On behalf of the Board of Regents, University of Alaska, I am transmitting to you, and those listed below, a copy of the signed agreement negotiated between AMU Trustees and the Board of Regents for the purchase of the AMU campus, buildings and personal property.

Also transmitted is a copy of final recommendations of a joint AMU - UA Task Force on Personnel and Programs, including a report of estimated costs of deferred maintenance, and a proposed budget for the cost of assimilating AMU plant, programs, and personnel into the University of Alaska, Anchorage operations.

Representatives of the Board of Regents and the AMU Trustees will be available to meet with you next Tuesday, April 8, at 11:00 AM in your office to discuss these subjects and will subsequently be available to meet with members of your staff and legislative leaders as may be desired.

Yours very truly,



Don M. Dafoe
Executive Vice President

Copies of letter and materials to:

Hon. Chancy Croft, President, State Senate
Hon. Mike Bradner, Speaker, State House
Hon. Bill Ray, Chairman, Senate Finance
Hon. George Hohman, Chairman, Senate HESS
Hon. Hugh Malone, Chairman, House Finance
Hon. Susan Sullivan, Chairman, House HESS

COPY COMMITTEE *Jan Senator Roy*

7.43

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

April 2, 1975

MEMORANDUM

TO: Representative Hugh Malone

FROM: Bill Berrier, Legislative Counsel *BB*

SUBJECT: Comments on U of A - AMU agreement

1. This document has little legal effect. The recitals in paragraph 14 on page 8 leave full leeway for an entirely new agreement to be written. Although, as a practical matter, this agreement probably would provide the terms for the operative agreement contemplated, there is no requirement of this.

2. The total purchase price is \$15,427,000 plus the sum of not to exceed \$800,000 for such furniture, fixtures and other personal property as U of A chooses to buy and AMU chooses to sell at appraised value. Presumably the question raised by inclusion of fixtures in the property for which an extra price will be paid when normally fixtures are considered part of the building will be answered in the schedules to be prepared and affixed to the operative agreement.

3. The financing method is expensive for a purchaser who has the power to issue tax exempt securities. The purchase price is to be paid as follows:

- (a) \$3,000,000 down payment
- (b) \$3,071,000 assumed indebtedness
 - (i) \$2,721,000 outstanding balance on indenture
 - (ii) \$1,000 arrearages on indenture
 - (iii) \$250,000 currently payable on indenture
- (e) remaining balance in 10 equal annual installments with interest at Bank of America prime rate as of the effective date of the agreement

Since certainly the Bank of America prime rate and possibly the interest rate on the outstanding loan are higher than the rate on tax exempt bonds, a significant interest saving could be realized if the transaction were cash financed either by appropriation or bonds. Since AMU could invest the proceeds in all probability to realize an income in excess of the prime rate, both sides lose money with this arrangement. (I have assumed that AMU is tax exempt so that no taxable gain problem or tax on income from investments is involved.)

April 2, 1975

4. This agreement creates a floating easement (page 2) which should be made definite or at least a method of determining the location should be prescribed in the conveyance.
5. Under paragraph 10, how can the items stated be retained "in perpetuity" without seriously affecting future development or construction on the property acquired? As it stands, retaining these could involve retaining whatever they are affixed to in perpetuity which is obviously not practiced.
6. I am assuming sufficient surveys and title evidence so that there is no question of the correctness of the legal descriptions and of clear title, except for the recited indenture with First National Bank of Anchorage.
7. The final agreement will be that negotiated by the joint administrative task force subject to approval of the two presidents. What this will be cannot be foreseen from this agreement because of the flexibility mentioned above.

BB:pmk



ALASKA FEDERATION OF NATIVES, INC.

1675 C STREET
ANCHORAGE, ALASKA 99501
PHONE (907) 274-3611

Integrity, Pride in Heritage, Progress

EXECUTIVE OFFICES

March 4, 1975

Senator Frank Ferguson
Alaska State Senate
Pouch V
Juneau, Alaska 99801

Dear Frank:

Your news release advocating that the Alaska Federation of Natives, Inc. and the Regional Corporations should consider purchasing Alaska Methodist University has a considerable amount of merit and is worth some serious thought by Alaska Natives. Possible justification for this statement includes:

First - the Alaska Federation of Natives, Inc. and Alaska Native Foundation's Higher Education Proposal calling for a vice-president in charge of Native programs, a headquarters in Anchorage, and 10 regional centers closer to home in rural Alaska, has been accepted in concept by the University of Alaska's Board of Regents. I see no reason why they shouldn't go one step further and propose that ANF/AFN Higher Education program be funded by the State and housed in the AMU facilities.

Second - Alaska Natives can make the facility a year-round continuing education program. Presently, Regional Corporations and the Alaska Federation of Natives, Inc. are constantly hosting training sessions; conferences; seminars on contracting, program development, investments, land management, and the list goes on and on. I see no reason why these sessions wouldn't be attached to the University system and perhaps credit given for these many sessions. Credits can be expanded to include degrees in Native affairs, land management, administration, and so on.

Third - the Alaska Federation of Natives, Inc. and Regional Corporations have developed a Health Care Policy Statement which states that within the next 10 years, we will promote the health and well-being of Native people by establishing control and management of the health care system serving them. This health system under Native leadership, would be responsible for providing comprehensive health care services, and would be financially supported principally by the Federal Government through its continuing responsibilities to Native Americans. To attain this goal will take a considerable amount of training for Alaska Natives. Perhaps the nursing program could be expanded to accommodate this immediate need.

March 4, 1975

Fourth - the new Johnson-O'Malley regulations require a local parent review committee; the Indian Education Act, Title IV, requires a local education committee; and new proposed State legislation decentralizing the State-Operated School System will require local community school committees. All of these are geared towards the overall goal of "local control" and will require a considerable amount of education and training in their future responsibilities as a school board, and eventually their new responsibilities as a municipality for communities that would like to become one. This continuing education and training to ready Alaska Natives for eventual "local control" of our schools for communities that wish, should begin now. The facility and proposed 10 learning centers can probably do this with some adequate planning.

Fifth - there is an immediate need for a facility and faculty to begin developing relevant curriculum for rural schools. In addition, there is an immediate need to begin developing audiovisual information and educational material for use in the proposed telecommunication network.

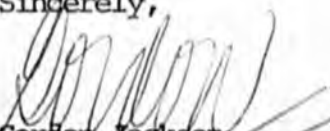
Sixth - there is an immediate need for an orientation center for Alaska Natives who will be working on the Trans-Alaska Pipeline, and for the Unions. The present facility can easily accommodate this need.

Seventh - there is an immediate need for training Alaska Natives to become involved in the Criminal Justice Delivery System.

These are only a few items that should adequately justify the merits of your proposal. I would be extremely interested in the feedback you have received from the Regions following your release last week.

My best wishes and I look forward to hearing from you.

Sincerely,


Gordon Jackson
Executive Vice-President
Human Resources Administration

GJ:jb

cc: Roger Lang, President
Regional Corporations
Eric Ekvall, Alaska Native Foundation

alaska
methodist
university

office of the president

February 28, 1975

The Honorable Frank R. Ferguson
Alaska State Senate
Pouch "V" State Capitol Building
Juneau, Alaska 99811

Dear Senator Ferguson:

It has come to my attention that some legislators may have inaccurate information relative to Alaska Methodist University. A number of factual errors have been published recently in certain news media and/or in the January 1975 Higher Education In Alaska 1974-1975 by McLean Associates. In order that you may have accurate information for your anticipated decision making, I respectfully submit the following statements.

AMU purchased, between 1955 and 1962, a total of 505 acres of land. The land was acquired under the Recreation and Public Purposes Act, 43 USC 869, and under the regulations implementing that Act, 43 CFR Part 254. The land was acquired in accordance with the Recreational and Public Purposes Act at a reduced price based upon the appraised value of the land at the time and was not given to the University as has been indicated in the sources cited above.

The enrollment at Alaska Methodist University has not been declining in recent years. The fall semester 1974 total enrollment was 1564 headcount; 817 full time equivalents, not counting students cross registered from the University of Alaska, Anchorage, and 875 full time equivalents including cross registered students. These enrollments are the highest in the entire 15 year history of AMU. This has occurred in spite of our problems and bad press over the past many years.

Contrary to the McLean Associates report, I was not forced to select administrators from the existing faculty because of financial necessity. Three years ago, when I came to AMU, I was faced with, among other things, the recruitment and establishment of a second level of administration for the institution. Such a second level was clearly needed to accomplish necessary tasks, provide supervision, and to build a base for institutional continuity. In my judgment, it was not advisable to go Outside to find experienced administrators

Letter to Legislators
February 27, 1975
Page two

who would then have to learn about Alaska when we had, on our staff, highly qualified Alaskans who could learn to be administrators. Furthermore, an analysis of the relative costs of the two approaches clearly indicated that the second one would result in an annual saving of several tens of thousands of dollars.

Furthermore, everyone of the administrators, including the president, teach classes in order that we may better keep in touch with the main clientele of the institution, the students. Thus, we have built a system whereby more resources are brought to bear in decision making, and those making the decisions have continuing first hand experience with the main purpose of the University.

I hope this information will be helpful. As soon as we have the necessary data and the actions by the University of Alaska Board of Regents and the AMU Board of Trustees we shall be in contact with you.

Thank you for your continuing concern for improved higher education in Alaska.

Sincerely,



John O. Picton
President

JOP: mb