

HB

360

University of Alaska

Office of the President

Special Report to the Legislature of the State of Alaska

The appointment of a three-member management team to help rebuild the internal management systems of the University of Alaska was announced today by President Charles O. Ferguson.

The team will "assemble in Fairbanks next Wednesday and immediately get down to work," Ferguson said.

Two of the team members are Dr. Armen Sarafian, president of La Verne College in California, and Leonard Prose of New York, a partner in the national and international accounting firm of Main Lafrentz & Co.

Several persons are under consideration for the third position on the team and Ferguson said he expects to make the final appointment by next Wednesday.

The university president said he was guided by recommendations of the university's Board of Regents, legislators and the state administration in arriving at the team concept and in his selection of team members.

The team's role, he said, will be to evaluate and monitor the university's management systems and make reports and recommendations to the regents on needed improvements in the design and operation of these systems working with and through the president.

"Situations may arise," he said, "wherein it will be necessary for the management team to have direct access to the Board of Regents."

With Prose will come a task force from Main Lafrentz which will concentrate its efforts on the university's financial systems, Ferguson said. Other consultants may be retained by the management team to look at such areas as grants and contracts and budget development and reporting, he added.

The financial details of employing the management team are now being worked out and will be submitted to the regents for final approval, Ferguson said.

The State Department of Administration is now developing new accounting and policy guidelines under which the university will operate and the university will work with the department to implement these guidelines, the president said.

Prose, director of management services for Main Lafrentz's eastern region, is in charge of computer operations in the New York office and in this capacity supervises

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A Statewide System of Higher Education

a staff of systems analysts and programmers performing consulting and auditing services for clients and operating an in-house computer.

Recently Prose has directed the design and implementation of a computer system for Colgate University and a computer auditing system for U.S. Navy food services. He has also directed a survey of the State of Vermont's management procedures and the design of a computer system for registration of students and grade processing at New York's College of Insurance.

Sarafian, president of La Verne College for just over a year, was brought in by the institution's board of trustees to deal with an internal financial crisis, said Ferguson. The college had a slumping enrollment and faced a \$1 million budget deficit. This year the college had a 36 per cent enrollment increase and will enjoy a budget surplus, he said.

In addition to serving as La Verne president, Sarafian is adjunct professor at the University of Southern California where he teaches higher education management and administration, curriculum development and instruction. He also serves on the State of California's Community College Finance Committee and is a former member of a select committee charged with developing a master plan for higher education in California.

MEMORANDUM OF AGREEMENT
BETWEEN
THE UNIVERSITY OF ALASKA BOARD OF REGENTS
AND
THE ALASKA STATE LEGISLATURE

I. Fiscal Management Team.

The Management Team will consist of three full-time individuals working within the University administration as full-time fiscal managers. Two of the three members shall be Alaskans. The individuals selected shall have qualifications in management and finance, shall be outside the University structure, and shall have demonstrated competence in the organization and management of large organizations. The Management Team will be chosen by the Board of Regents. The Legislature as a body, or through delegation to the Legislative Budget and Audit Committee, shall approve the Regents' selections. The Management Team will be a temporary operation to assist the University of Alaska correct its financial management problems, and will terminate on June 30, 1978.

The Management Team shall have four functions: to study, identify, recommend, and implement needed changes in the administration of the University of Alaska. Areas of concern that shall be considered include management procedures, staffing personnel of the central administration, FY 78 and FY 79 budget documentation, fiscal administration, business practices, and physical plant management.

The Management Team shall report, in writing, directly to the Board of Regents and shall send copies of all recommendations in writing to the Legislature and the President, or Acting President, of the University. The Management Team will work withing the administration of the University of Alaska to implement those recommendations adopted by the Board of Regents.

II. University of Alaska.

The Board of REgents will have the sole authority to decide which recommendations shall be implemented and to direct the implementation of those recommendations subject to spending approval by the Legislative Budget and Audit Committee. The Board of Regents shall meet monthly while the Management Team is in existence to consider its studies and recommendations. The Regents must act on each recommendation presented by the Management Team. The Board of Regents shall file a monthly report to the Legislature with copies to the Management Team and the President of the University on the status of all recommendations. This monthly report shall delineate what action has been taken on each recommendation and the reasons for that action. If no action is taken on a recommendation the reasons shall be stated. A cumulative status of the implementation of all recommendations shall also be contained in each monthly report.

III. The Legislature.

The Legislature shall have the responsibility of providing adequate appropriations to fund the operations of the University of Alaska, the Management Team, and the Board of Regents. The Legislature shall implement necessary remedial legislation to improve the University of Alaska system.

In conformity with the proposed legislative intent of the House Finance Committee for the FY 78 budget, the Legislative Budget and Audit Committee shall monitor the recommendations of the Management Team, the Board of Regents' monthly status report on recommendations, the implementation of those recommendations for which funding has been approved, and the monthly financial status reports of the University. Based on the FY 78 budget documentation provided by the Management Team and the Board of Regents, the Legislative Budget and Audit Committee shall approve a base-line for the preparation of the University's FY 79 budget request.

March 30, 1977

Dr. Hugh Fate, President
Board of Regents
University of Alaska

Dear Dr. Fate:

This letter is meant to serve as a memorandum of understanding between the Legislature and the Board of Regents as to the methods by which the Regents undertake to resolve the management crisis at the University of Alaska.

While President Ferguson is a capable person, he cannot do this job alone. The Regents will therefore retain temporary specialists to find out what steps must be taken, and in appropriate cases to see that these recommendations are in fact adopted within the University system. All these specialists will be hired by the Regents, and will be answerable only to the Regents, although it is understood that they will necessarily have to work with the President.

The specialists will make their recommendations directly to the Regents, with copies to the Legislative Budget and Audit Committee. Recommendations shall be made on at least a monthly basis, and the Board shall act on each recommendation within 30 days of receipt. Contracts for the specialists may be signed by the University, but funding will be available only upon approval by the Committee. The Regents should bear in mind that "consultants" often have no stake in achieving the objective and that implementation is probably more important in this instance than recommendations.

Representatives of the Budget and Audit Committee, including members, staff, and contractual employees, shall have direct access to any information related to the management of the University and shall have the right to interview and examine the records of any employee of the University. The Legislative Auditor shall have the same right of access as exists with respect to every other State agency.

The Board of Regents will have the sole authority to decide which recommendations are to be implemented, and to direct the implementation subject to funding by the Legislative Budget and Audit Committee. All policy disagreements between the President and any specialists shall be reported to the Regents for resolution, and the Budget and Audit Committee (or its authorized representative) shall be notified of any such disagreements.

The Regents will file a monthly report, preferably approximately ten days before the monthly meeting of the Budget and Audit Committee, with the Chairman of that Committee or

his designate. The Budget and Audit Committee will notify the Board of Regents from time to time as to what information must be contained in the report.

The Regents shall designate the Chairman of the Regents' Finance Committee to oversee the implementation of the recommendations approved by the Board.

The Legislature in the meantime is considering certain legislation relating to the management of the University of Alaska, including (but not limited to) requiring the Regents to retain a Comptroller directly under their jurisdiction, placing the University under the Executive Budget Act and the Fiscal Procedures Act, and requiring the University to conform its payroll and accounting systems to those of the State of Alaska.

If these conditions are in accordance with the Board's understanding, please sign this letter in the bottom left-hand corner and return it to me. We believe the Board and the Legislature will be able to work closely together in this effort, and we look forward to the task.

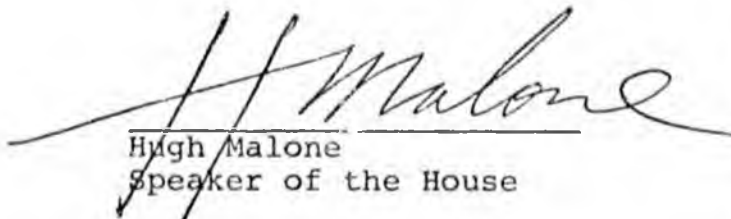
Very truly yours,

Agreed:

Dr. Hugh Fate, President
Board of Regents
University of Alaska

Edward Rasmuson
Chairman, Finance Committee
Board of Regents

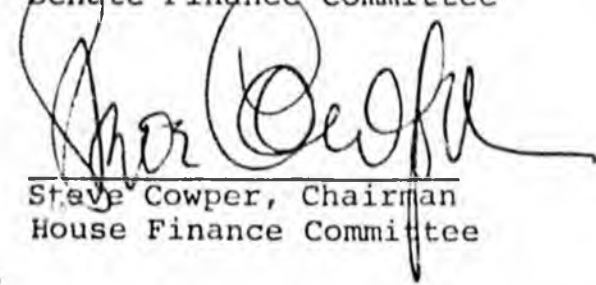
John Rader
President of the Senate



Hugh Malone
Speaker of the House

George Hohman, Chairman
Budget & Audit Committee

John Sackett, Chairman
Senate Finance Committee



Steve Cowper, Chairman
House Finance Committee

the governor shall issue a proclamation of reapportionment and redistricting. An accompanying statement shall explain any change from the plan of the board. The reapportionment and redistricting shall be effective for the election of members of the legislature until after the official reporting of the next decennial census.

Enforcement

SECTION 11. Any qualified voter may apply to the superior court to compel the governor, by mandamus or otherwise, to perform his reapportionment duties or to correct any error in redistricting or reapportionment. Application to compel the governor to perform his reapportionment duties must be filed within thirty days of the expiration of either of the two ninety-day periods specified in this article. Application to compel correction of any error in redistricting or reapportionment must be filed within thirty days following the proclamation. Original jurisdiction in these matters is hereby vested in the superior court. On appeal, the cause shall be reviewed by the supreme court upon the law and the facts.

ARTICLE VII

HEALTH, EDUCATION, AND WELFARE

Public
Education

SECTION 1. The legislature shall by general law establish and maintain a system of public schools open to all children of the State, and may provide for other public educational institutions. Schools and institutions so established shall be free from sectarian control. No money shall be paid from public funds for the direct benefit of any religious or other private educational institution.

State
University

SECTION 2. The University of Alaska is hereby established as the state university and constituted a

Board of
Regents

body corporate. It shall have title to all real and personal property now or hereafter set aside for or conveyed to it. Its property shall be administered and disposed of according to law.

SECTION 3. The University of Alaska shall be governed by a board of regents. The regents shall be appointed by the governor, subject to confirmation by a majority of the members of the legislature in joint session. The board shall, in accordance with law, formulate policy and appoint the president of the university. He shall be the executive officer of the board.

Public
Health
Public
Welfare

SECTION 4. The legislature shall provide for the promotion and protection of public health.

SECTION 5. The legislature shall provide for public welfare.

ARTICLE VIII

NATURAL RESOURCES

Statement
of Policy

SECTION 1. It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.

General
Authority

SECTION 2. The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people.

Common
Use

SECTION 3. Wherever occurring in the natural state, fish, wildlife, and waters are reserved to the people for common use.

Sustained
Yield

SECTION 4. Fish, forests, wildlife, grasslands, and all other replenishable resources belonging to

Sec. 14.40.290. Property and funds generally. (a) The University of Alaska shall hold all property acquired by it. The Department of Administration, upon requisitions by the Board of Regents signed by its president and secretary, shall pay to the treasurer of the Board of Regents all federal land grant college funds coming into the possession of the Department of Administration and subject to requisition by the Board of Regents and shall disburse federal funds in aid of land grant colleges in accordance with the federal statute providing for disbursement.

(b) All funds appropriated by the legislature for the building, conduct, maintenance and support of the University of Alaska shall, on requisition by the Board of Regents signed by its president and secretary, be paid by the Department of Administration to the treasurer of the Board of Regents. The treasurer of the Board of Regents shall disburse these funds on properly drawn vouchers signed by its president and secretary, or by such other administrative officer as the Board of Regents delegates to perform these services. (Sec. 37-10-4 (a)--(c) ACLA 1949; (c) repealed Sec. 1 ch 38 SLA 1968)

Sec. 14.40.295. Working capital reserve fund. (a) There is established in the treasury of the University of Alaska the University of Alaska working capital reserve fund. The fund consists of money appropriated by the legislature for the purpose of providing current working capital for the University of Alaska and is not available for appropriation by the Board of Regents.

(b) A quarterly report of all activity of the working capital reserve fund shall be submitted to the Legislative Budget and Audit Committee. (Sec. 1 ch 50 SLA 1973)

Sec. 14.40.300. Creation and appointment of comptroller. The Board of Regents may create the office of comptroller of the university, fix the salary and determine the duties of the office. The Board of Regents may fill the office. (Sec. 37-10-4- (d) ACLA 1949)

Sec. 14.40.310. Fiscal year. The fiscal year of the University of Alaska begins on July 1 and closes at midnight on the following June 30. (Sec. 37-10-4 (e) ACLA 1949; am Sec. 3 art VI ch 82 SLA 1955)

Sec. 14.40.320. Requisitions on funds. Requisitions on federal funds and state appropriations shall be based upon estimates of the amounts required quarterly. (Sec. 37-10-4 (f) ACLA 1949)

Sec. 14.40.330. Inventory of property. The Board of Regents shall maintain or cause to be maintained a perpetual inventory of all permanent property of the university. (Sec. 37-10-4 (g) ACLA 1949; repealed and reenacted Sec. 2 ch 38 SLA 1968)

Sec. 14.40.340. Applicability of bid practices to University of Alaska. The competitive bid practices set forth in AS 37.05.230 apply to the University of Alaska, except that the provisions of that act do not apply in those cases where the work is to be performed substantially by students enrolled in the university. Where the term "purchasing agent" is used in AS 37.05, it means the comptroller of the university. (Sec. 1 ch 86 SLA 1957)

Sec. 14.40.350. Board of Regents authorized to lease lands. The Board of Regents may execute leases for mining, agriculture, or other purposes to the lands granted for the benefit of an agricultural college and school of mines for Alaska by the Act of Congress approved March 4, 1915, for such time and at such rent or royalty as may seem just and as provided by law. (Sec. 37-10-11 ACLA 1949)

Sec. 14.40.360. Board of Regents authorized to select and to sell or lease lands granted by Act of Congress. The Board of Regents may select the lands granted to Alaska by the Act of Congress approved January 21, 1929, and may sell or lease them and deposit the proceeds in the state treasury in conformity with that Act. (Sec. 37-10-13 ACLA 1949)

Sec. 14.40.370. Books of account and statement of trust funds. The Board of Regents shall have suitable books of account kept in which there shall be recorded each gift, the essential facts of the management of the gift, and the expenditure of the income. A statement of all trust funds shall be included in the annual report to the governor. (Sec. 37-10-22 ACLA 1949)

MINUTES OF HOUSE HESS COMMITTEE

April 4, 1977

The meeting was called to order by Chairman Parr at 3:05 p.m. Members present: Parr, Nakak, Chatterton, Ose and Phillips with Dr. Beirne and Mr. Cotten coming in later.

Absent: Bennett & Buchholdt

Committee Substitute for HB 205 was passed around for signature.

Bills before the committee today were: HCF 36, HB 360, HB 361, HB 362, BH 363 and HB 344. Chairman Parr announced that Mr. Larry Peska from Legislative Audit was present to answer any questions. Mr. Parr also announced that there were two Committee Substitutes before the committee, one that he had made up and one that Representative Miles had prepared, both regarding HB 361.

Both Committee Substitutes were gone over Section by Section and discussed. There was discussion by the members and those present as to how the federal monies for the University are presently handled. Mr. Parr felt there would be a lot of grant money the University would lose if it was run through the State. Mr. Peska stated most of the grants are being passed through the State now. Mr. Chatterton stated there were a lot of grants that were not federal and said some of the corporations etc. that make grants to the University now would not be so eager to make them to the State.

There was discussion as to the transfer of funds within the University now.

With reference to bringing the University under the State accounting guidelines, there was much discussion as to whether the word "Shall" should be used or "may". It was the feeling that the Commissioner of Administration should not run or manage the university, just maintain the accounting procedure.

HB 361

Action

With reference to HB 361, Mr. Ose moved that line 24 be amended to read after the word "Alaska" insert "and" and change the word "setting" to "set." There being no objection the motion carried.

- HB 361
Action Mr. Parr moved on line 27 to delete the word "
"comptroller" and insert "Board of Regents". There being no
objection the motion carried.
- HB 361
Action Mr. Chatter moved to adopt Mr. Miles Section 7 of his
committee substitute in place of Mr. Parr's. There being
no objection the motion carried.
- HB 361
Action Mr. Chatterton moved to pass out HB 361 as a committee
substitute as amended. There being no objection, the motion
carried.
- HB 362
Action Mr. Parr asked the committee' pleasure of HB 362. Mr.
Ose moved to pass it out of committee. There being no objection
the motion carried.
- HCR 36
Action Mr. Parr asked the committee's pleasure on HCR 36.
Mr. Chatterton moved to table the bill. There being no objection,
the bill was tabled.
- HB 344
Action Mr. Parr asked the committee's pleasure on HB 344.
Mr. Chatterton moved that it be passed out with individual
recommendations. After discussion Mr. Chatterton withdrew his
motion and offered a motion to table the bill. Mr. Phillips
objected. After discussion on the bill, a vote was taken and
the motion to table the bill passed.
- HB 360
Action The next bills before the committee were HB 360 and
HB 363. With reference to HB 360, Dr. Beirne said he was
not sold on a manager team. Mr. Phillips spoke in favor of
it. Mr. Chatterton then moved to table HB 360 and 363.
Dr. Beirne seconded the motion. After discussion on the motion,
Mr. Chatterton eliminated HB 363 from his motion. The motion
to table HB 360 carried.
- HB 363
Action The next bill before the committee was HB 363. Mr. Ose
moved to pass the bill out. There being no objection, the motion
carried.
- Mr. Parr announced to the Committee that a piece of
legislation has been introduced by Lisa Rudd asking the Regents
not to rehire Hiatt. He said he had heard by the grapevine
that they weren't going to keep him on anyway but just wanted
to alert the committee that there was the possibility of another
bill regarding the University coming before the Committee.
- Mr. Parr then passed a breakdown by district on a fiscal
note to the committee regarding HB 212 which will be before them
at the meeting tomorrow and asked the committee to look it over
before the next meeting.

The meeting adjourned at 4:40 p.m.