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COMMITTEE REPORT
SENATE

FURTHER: FINANCE

4/27/84

Date 4/11/84

Mr. President

The Committee on HESS considered CSHB 460 (Fin)

appropriations to and Fiscal procedures of the University of Alaska; etd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Greg Hest

Greg Hest
Chairman

W. Hest
Chairman recommendation

Joe Pappas, Pres.

May 9

HB 406 - U of A

Ferry Martin

Last year A.C. was concerned with legislation in budget first intent language.

Bd. of Regents supports bill.

And each year there is a bill for appropriation?
So you're talking about other funds.
U of A needs to better estimate their grants.

Joe Sec 1 - understand other section but transfers & charges between allocations a concern. Some Senators stressed that U of A not following letters of intent etc.

Last two yrs, better accountability

Pappas what assurance from U of A re number problems Syr ago? (10 million unaccounted)

Merritt Hufferich - UAF - Asst to Chancellor

Bd. of Regents new interest in U of A fiscal and managerial aspects.

Current practice - transfers have to be made with LBIA approval. Time involved may cause problems. Cannot transfer funds from campus to campus under this bill.

Revision Date: January 30, 1984

REQUEST

Bill/Resolution No.: HB 466
Title: Act relating to...fiscal
procedures of the U of A
Sponsor: Rep. Martin
Requestor: House HESS committee
Date of Request: January 27, 1984

FISCAL DETAIL

Agency Affected: University of Alaska
Program Category Affected: Education
BRU, Program or Subprogram(s) Affected:
All University programs

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not applicable

ANALYSIS: Attach a separate page for analysis

Prepared By: Frank Spargo Phone: 474-7593
Division: Statewide Budget Office, U of Alaska Date: January 30, 1984
Approved by: ^{Exec. Vice President} ~~Commissioner~~ Sherman Carter Date: January 30, 1984
Agency: University of Alaska

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Alaska State Legislature



REPRESENTATIVE
TERRY MARTIN

DISTRICT 13
HOUSE FINANCE COMMITTEE
CHAIRMAN—UNIVERSITY OF ALASKA BUDGET

3960 REKA DRIVE—B6
ANCHORAGE, AK 99508
PHONE 333-6990

DURING LEGISLATURE
POUCH V
STATE CAPITOL BLDG
JUNEAU, AK 99811
PHONE 465-3783

MEMORANDUM

To: Senator Joe Josephson, Chairman
Senate HESS Committee

From: Representative Terry Martin *TMM*

Date: May 1, 1984

Subject: HB 466

"An Act relating to appropriations to and fiscal procedures of the University of Alaska; and providing for an effective date."

This legislation has been recommended by the Commission on Post-secondary Education, and is strongly endorsed by the University. It will enable the University to receive and expend funds, such as tuition receipts, without waiting weeks for legislative approval. Some good examples of the problems this causes are set out on page 2 of the attached letter from Dr. Jay Barton to Don Abel, President of the Board of Regents, and in Dr. Carter's letter to Representative Goll.

Section 1 of HB 466 (Fin) will give the University the same power to make transfers or changes between objects of expenditure or between allocations as other state agencies already have. With this power goes the same accountability.

Section 2 states that increases in appropriation items due to additional federal or program receipts may be spent by the University, again using specified procedures to account for this money.

Section 3 will allow the University to carry funds received for organized research forward into the next fiscal year, rather than having the funds lapse back into the general fund. This section requires that the University file a statement with the Department of Administration setting out the amount of funds to be carried forward. This section applies only to legislative appropriations specifically designated for organized research.

Your positive action on this bill will greatly relieve the operational problems experienced by the University administration. I urge you to pass HB 466.





Sherman Carter
Executive Vice President
474-7448

University of Alaska
Fairbanks, Alaska 99701
October 27, 1983

TO: Don Abel, President and
Members of the Board of Regents

THROUGH: Jay Barton
President

FROM: Sherman Carter
Executive Vice President

A handwritten signature in cursive script, appearing to read "Sherman", written in dark ink.

SUBJECT: Possible Changes in Legislation Affecting Fiscal
Administration of the University

Several provisions in existing legislation impede efficient fiscal administration of the University of Alaska.

For example, as you know, the university has a need during the course of a fiscal year to be able to receive program receipts, such as tuition, in amounts greater than what was initially budgeted without waiting weeks for prior approval to be able to do that.

During the last legislative session, an attempt was made to correct this problem by an expression of legislative intent as follows:

"Notwithstanding the provisions of AS 37.07.080(h), federal or other program receipts available to the University of Alaska which exceed the amounts appropriated in this act are appropriated and available for expenditure under procedures established by the Board of Regents and the Office of Management and Budget. The university shall provide the Legislative Budget and Audit Committee with quarterly reports detailing additional federal or program receipts accepted under this provision."

However, subsequently I was told that a provision such as the above could not properly be handled by an intent statement -- that legislation to make this change was required. Also, it would be far more advantageous to get things such as this corrected in continuing legislation rather than to hope each year that such needed provisions are included in appropriation bills, since sometimes they get included and sometimes, inadvertently, they do not.

University of Alaska

Don Abel and Members of the Board of Regents

Page 2

October 27, 1933

There are several other problems which the university has perennially, unnecessarily, which keep us from doing a more efficient job for the state, for example, current provisions in law providing that the university may invest program receipts but not general fund money. This is not sensible in that the university draws money from the state monthly and pays its employees every two weeks. Consequently, the university does have temporary cash in excess to its needs from time to time and should not simply leave that in banks without earning interest. There is a need to change legislation so that the fact that the university may also invest general fund money is permissible. Now we simply do this anyway, and occasionally the state tells us that legally we may not. Meanwhile, the interest we are earning in temporary, secure cash investments permits us this fiscal year to decrease our request for general fund money in the amount of \$1.8 million. Obviously, the present law prohibiting the university from investing state and federal money is absurd and needs to be changed, in the state's own best interest.

Another problem has to do with organized research. Various research projects continue past the end of a fiscal year and state money for them, which along with federal money which does not lapse, finances such research and should not need to be lapsed precisely at the end of a fiscal year any more than capital funds for a building project, which will take several years, need to lapse at the end of each fiscal year. Right now, this is on a hit and miss basis; that is, sometimes legislation appropriating money for organized research provides for a lapse of such money at the end of the calendar rather than the fiscal year and sometimes legislation making funds available for organized research does not.

Another problem the university has relates to the lapsing of program receipts. Unspent general fund money may continue to be lapsed. However, various classes of program receipts should not lapse. As one illustration, consider university bookstores. They try to break even, but they can never do that exactly. Some years they may come out slightly ahead or slightly behind a break even point, depending upon sales, losses and all kinds of factors. If bookstores are required to lapse money when they end up in the black and then incur uncovered, illegal deficits when they end up in the red, this is obviously an unfair problem, like expecting them to go to bat with two strikes against them to begin with. The university can and will provide full disclosure to the executive and legislative branches on its holdings of program receipts.

University of Alaska

Don Abel and Members of the Board of Regents

Page 3

October 27, 1983

Several weeks ago, Representative Terry Martin indicated to me that he wanted to propose certain legislative changes to correct problems as noted above. He asked me for information concerning them and my suggestions, which information and suggestions I provided to him. In answer to a letter I received from him yesterday, asking for my comments on his proposed bill, I have sent to him the attachment. Today I am having a copy of it taken to Gene Dusek, the associate director in the Office of Management and Budget in Juneau. I also plan to provide this information to other legislators.

SFC/pe

Attachment

cc: The Honorable Terry Martin, w/o attachments ✓

Mr. Peter McDowell

Chancellors Biggerstaff, Melican, O'Rourke, Outcalt, Paradise
Office of Regents' Affairs



UNIVERSITY OF ALASKA, ANCHORAGE

5211 Providence Drive
Anchorage, Alaska 99504

OFFICE OF THE CHANCELLOR

November 29, 1983

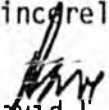
The Honorable Terry Martin
3960 Reka Drive, B6
Anchorage, AK 99504

SUBJECT: Proposed Legislation

Dear Terry,

Please be advised that the UAA Executive Council has reviewed and expressed enthusiastic support for your proposed legislation redefining the fiduciary rights of the University of Alaska. I concur with their recommendation. Enactment of the proposed legislation would be an important benefit to the University of Alaska. Thank you for your continued interest and support.

Sincerely,

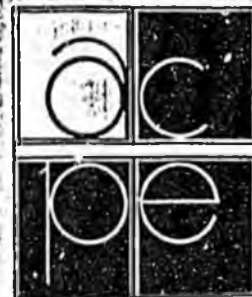

David L. Outcalt
Chancellor

/mah

Alaska Commission on Postsecondary Education

**Review
of the
University of Alaska
FY 1984
Operating and Capital Budgets**

**Submitted to the
Governor
and the
Thirteenth Alaska State Legislature**



December 10, 1982

Recommendation 2: THE UNIVERSITY SHOULD BE ABLE TO ACCEPT GRANTS AND CONTRACTS DURING THE COURSE OF A FISCAL YEAR WITHOUT WAITING TO CLEAR SUCH ACCEPTANCE THROUGH THE GOVERNOR'S OFFICE AND THE LEGISLATIVE BUDGET AND AUDIT COMMITTEE.

Hearings held throughout the state revealed that there was a great deal of criticism raised regarding the inability of the University to respond quickly to requests for special courses, workshops, seminars, and even research projects when the requesting group or agency was willing to pay for the service. By the time all required approvals had been obtained, need may have passed, the funds may have been lost, or the interest may have waned.

For the university system to be able to meet these demands and thereby provide services to the state, more flexibility must be allowed. One of the detriments to this flexibility is the requirement which states that the University must go through the same Revised Program (RP) process as all the other state agencies when contracts exceed their budgetary authority. This is an extremely time-consuming process and is one which was not required of the university system until the last few years.

There was a time when fiscal accountability of the university system was justifiably called into question. That time has now passed, and the University has demonstrated sound fiscal practice to the satisfaction of nearly all observers. The Commission would like to see some flexibility returned to the University budgeting

procedure; this could be brought about by adding a section to the appropriation bill.? In the 1978 appropriation bill (FCCSSCSCSHB 627), the following language was included:

"Federal or other program receipts available to the University of Alaska which exceed the amounts appropriated in this Act are appropriated and available for expenditure under procedures established by the Board of Regents."

The Commission recommends that such flexibility be returned to the Board of Regents.

This would require an amendment to AS 37.07

Offered: 3/27/84
Referred: Rules

Original sponsors: Martin and
Bettisworth

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 466 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to appropriations to and fiscal
7 procedures of the University of Alaska; and providing
8 for an effective date."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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* Section 1. AS 37.07.080(e) is amended to read:

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(e) Transfers or change between objects of expenditures or

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between allocations may be made by the head of a state agency upon

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approval of the division. However, transfers or changes between

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objects of expenditures or between allocations may be made by the

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Board of Regents of the University of Alaska in accordance with proce-

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dures established by the Board of Regents and the Office of Management

17

and Budget. Transfers [NO TRANSFERS] may not be made between

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appropriations except as provided in an act making the transfers

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between appropriations.

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* Sec. 2. AS 37.07.080 is amended by adding a new subsection to read:

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(i) Notwithstanding (h) of this section, the increase of an

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appropriation item based on additional federal or other program re-

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ceipts not specifically appropriated may be expended by the Board of

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Regents of the University of Alaska in accordance with procedures

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established by the Board of Regents and the Office of Management and

26

Budget.

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* Sec. 3. AS 37.25 is amended by adding a new section to read:

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Sec. 37.25.040. APPROPRIATIONS FOR ORGANIZED RESEARCH. (a) An

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appropriation to the University of Alaska for organized research is

*gives
University
some power
to set
as state
agencies
have
including
accounting
for such
pro.*

*allows
Univ. to
receive
grants &
funding
instances*

1 valid for the duration of the project and the unexpended balance for
2 the project shall be carried forward to subsequent fiscal years.

*← unexpended
funds carry
over at the
end of the fiscal
year.*

3 (b) Between July 1 and December 30 of each fiscal year the Board
4 of Regents shall file with the Department of Administration a state-
5 ment of the amount of the unexpended and unobligated balance of appro-
6 priations to be carried forward to the next fiscal year under this
7 section.

8 (c) This section applies only to appropriations specifically
9 designated by the legislature to be for organized research and subject
10 to this section.

11 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
12 10.070(c).