

Leg. Finance - House & Senate Finance Comte Files (1973-74)

CSHB 64

205



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

4/26/89  
Date



FINANCE COMMITTEE REPORT

ON


COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 64

The House Finance Committee recommends that the following items be allowed:

Employee Contribution Matching Rate for Retirement	\$280,000
Unusual winter	100,000
FY 1971 over-expenditure in Southcentral Region	<u>631,000</u>
Total	\$1,011,000

The following items were disallowed:

Increased Insurance Premiums The University of Alaska shall attempt to collect the payment for increased premiums and shall report back to the next session of the legislature	\$114,000'
Department of Natural Resources Account Receivable The University of Alaska shall attempt to collect this amount from the Department of Natural Resources	57,000
Fiscal Year 1972 Over-expenditure by Southcentral Region The Annual Financial Report for FY 72 indicates that the University of Alaska had a surplus of \$48,000; therefore, the request to partially recover this over-expenditure is disallowed.	486,000

  
\_\_\_\_\_  
Earl D. Hillstrand  
For the Committee

Introduced: 1/12/73  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 64

3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 University of Alaska; and providing for an effective  
8 date."

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

10 \* Section 1. The sum of \$1,668,000 is appropriated from the general fund  
11 to the University of Alaska for the fiscal year ending June 30, 1973.

12 \* Sec. 2. This Act takes effect on the day after its passage and approval  
13 or on the day it becomes law without approval.

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

Original sponsor: Rules Committee by  
Request of the Governor

Offered: 3/20/73  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 64

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

EIGHTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a supplemental appropriation to the

7

University of Alaska; and providing for an effective

8

date."

9

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

10

\* Section 1. The sum of \$1,011,000 is appropriated from the general fund

11

to the University of Alaska for the fiscal year ending June 30, 1973.

12

\* Sec. 2. This Act takes effect on the day after its passage and approval

13

or on the day it becomes law without approval.

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

HB64



UNIVERSITY OF ALASKA  
COLLEGE, ALASKA 99701

March 28, 1973

TO: Legislative Finance Committees

FROM: M. M. Hullinger

I wish to respond to the analysis made by Mr. Rich Guthrie regarding the request of the University for supplemental appropriation to cover the accumulated deficit.

The letter from me to Senator Lewis dated February 9, 1973 provides more complete detail explaining the conditions that caused over expenditures.

Comments:

Increased insurance premiums. Why were insurance premiums higher in 1971 than budgeted in FY73?

Reason: Attachment C to letter of Senator Lewis shows the premium for FY73 to be \$368,930. However the cost of the Workmen's Compensation Insurance in the amount of \$80,000 is budgeted as a part of staff benefits. The \$319,000 budget for 1971 included the premium for Workmen's Compensation.

Overexpenditures FY72 by Southcentral Region (Anchorage) This is a misinterpretation of my letter. Indeed there was an overexpenditure by the Region in FY72 but no relief was sought as the entire system completed the year within the total funds available.

The deficit of the university as shown by the published financial report was incurred prior to June 30, 1971. Again please see letter to Senator Lewis.

The University respectfully requests the supplemental be restored to the level recommended by the Governor (\$1,668,000).

Sincerely,

M. M. Hullinger  
Vice-President for Finance

MMH

*Reviewed 3/28/73  
R. Guthrie*

WILLIAM R WOOD  
PRESIDENT



UNIVERSITY OF ALASKA  
OFFICE OF THE PRESIDENT  
COLLEGE, ALASKA  
October 27, 1972

1)  
2) they interpret const. of state as  
not allowing expenditures beyond  
appropriations  
3) we appropriate all money - fed. -  
state & other  
HR 64



RECEIVED  
NOV - 1 1972  
GOVERNOR'S OFFICE

The Honorable William A. Egan  
Governor of Alaska  
Pouch A  
Juneau, Alaska 99801

Dear Governor Egan:

As you are aware, the financial statements of the University shows a deficit which, although small when compared to the total annual operating expenditures, presents serious difficulties in progressive budgeting and aggravates the cash flow problem.

The origin of this deficit, accumulated mostly in 1971 and 1972, is complex and in analysis was generally beyond the University's control. It can be broken down into the following three contributing factors:

- 1. *To be handled same as state - use UTO funds available on a nual basis.*  
The request by the University auditors for recognition of the accrued annual leave that had been accumulated over the years by the employees of the University. This currently amounts to approximately \$940,000. *Gov. deleted.*
- 2. Other events occurred that caused us to spend approximately \$551,000 of monies that were not anticipated at the time of developing the budget. This information is covered in a letter to Commissioner Joseph R. Henri, dated February 16, 1971, which is attached.
- 3. The University administration did not anticipate the full extent of demand in the Anchorage area for educational programs or the cost of operating the new physical facilities made available by the people of the State of Alaska. As a result, the expenditures exceeded the funds available by \$631,000 for fiscal year 1971. *(See "Causes" on R. Guthrie notes)*

In 1972, demands in Anchorage again exceeded budget allowances to the extent of \$685,000. The fact that the total receipts and disbursements in that year balanced indicates the many difficult decisions made by the Board of Regents

The Honorable William A. Egan

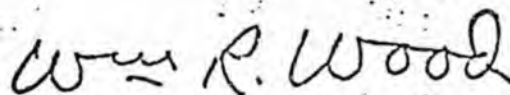
-2-

October 27, 1972

during the year and the heavy drain placed on the quality of other justified and approved programs within the University. This represents a loss that cannot be made good by redistribution of funds within the strictures you have wisely placed on total State spending. *Total approp. for FY73 not overexpended - programs cut back in No. Region (Fbx) to cover Anc. overexpand.*

After long deliberation, the Board of Regents instructed me to request your assistance in rectifying this situation through a supplemental appropriation in the amount of \$2,608,022 early in the 8th Legislature.

Sincerely,



William R. Wood  
President

WRW:cb

Attachment



UNIVERSITY OF ALASKA  
COLLEGE, ALASKA 99701

February 16, 1971

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

Dear Commissioner Henri:

This is to request that the University of Alaska be authorized a supplemental appropriation for fiscal year 1970-71 for the following reasons:

Signed 6/20/70 - Benefits from 5% - 7% for teachers by Ch 138, SLA 1970  
Signed 5/6/70 - Benefits from 7% - 8% for classified by Ch 109, SLA 1970

1. On June 23, 1970, a memorandum was issued by the Commissioner of Administration establishing the employee matching contribution rates for the staff retirement to be effective July 1, 1970. The effect of this change to the University, subsequent to the working budget approval, is projected to cost \$280,000.

In fiscal year 1969-70, the University paid \$135,000 in premiums for its insurance. In developing the 1970-71 working budget, it was estimated that as a result of the increased value of University assets, and losses suffered nationally by insurance companies, the annual premium would approximate \$205,000. In late July, the results of our negotiation with the insurance company indicated that our premium for the year would amount to \$319,000, or \$114,000 in excess of our estimates.

NOTE: Only ~~allotted~~ \$272.1 (FY72 Auth.)  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
(Ref: p 891, FY73 Budget Work book)

3. The unusual winter (snow in excess of 114 inches and extended periods of below zero temperatures) has made excessive demands on our budgets for reasons of employee overtime and rental of additional equipment for snow removal, heating costs, and numerous repairs to the heating and water systems at an estimated cost of \$100,000.

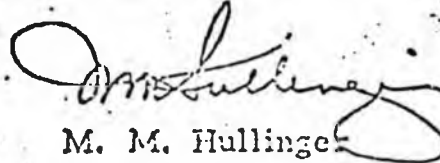
Commissioner Joseph R. Henri  
February 16, 1971  
Page Two

4. The cost of preparing office space for the Department of Natural Resources on the College campus, at the request of the Governor, in the amount of \$118,146.95 (less a payment by the Department of \$61,000) has caused the University to absorb an unbudgeted charge in the amount of \$57,146.95.

*Chg to Dept.  
of Nat. Res.?*

For the reasons presented, we are requesting additional funds in the amount of \$551,146.95. These amounts can be substantiated by specific details. Please let me know if there is additional information you need prior to honoring this request.

Sincerely,



M. M. Hullinger  
Vice President for Finance  
and Comptroller

alh

WILLIAM R WOOD  
PRESIDENT



UNIVERSITY OF ALASKA  
OFFICE OF THE PRESIDENT  
COLLEGE, ALASKA  
October 27, 1972

- 1) we handle insurance for it.
  - 2) they interpret const. (C), state as not allowing expenditures beyond appropriations
  - 3) we appropriate all money - fed. - state & other
- HR 64

RECEIVED  
NOV - 1 1972

GOVERNOR'S OFFICE



The Honorable William A. Egan  
Governor of Alaska  
Pouch  
Juneau, Alaska 99801

Dear Governor Egan:

As you are aware, the financial statements of the University shows a deficit which, although small when compared to the total annual operating expenditures, presents serious difficulties in progressive budgeting and aggravates the cash flow problem.

The origin of this deficit, accumulated mostly in 1971 and 1972, is complex and in analysis was generally beyond the University's control. It can be broken down into the following three contributing factors:

1. The request by the University auditors for recognition of the accrued annual leave that had been accumulated over the years by the employees of the University. This currently amounts to approximately \$940,000.
2. Other events occurred that caused us to spend approximately \$551,000 of monies that were not anticipated at the time of developing the budget. This information is covered in a letter to Commissioner Joseph R. Henri, dated February 16, 1971, which is attached.
3. The University administration did not anticipate the full extent of demand in the Anchorage area for educational programs or the cost of operating the new physical facilities made available by the people of the State of Alaska. As a result, the expenditures exceeded the funds available by \$631,000 for fiscal year 1971.

In 1972, demands in Anchorage again exceeded budget allowances to the extent of \$685,000. The fact that the total receipts and disbursements in that year balanced indicates the many difficult decisions made by the Board of Regents

*How much funds?*

The Honorable William A. Egan


-2-

October 27, 1972

during the year and the heavy drain placed on the quality of other justified and approved programs within the University. This represents a loss that cannot be made good by redistribution of funds within the strictures you have wisely placed on total State spending.

After long deliberation, the Board of Regents instructed me to request your assistance in rectifying this situation through a supplemental appropriation in the amount of \$2,608,022 early in the 8th Legislature.

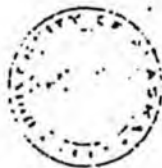
Sincerely,

A handwritten signature in cursive script that reads "William R. Wood".

William R. Wood  
President

WRW:cb

Attachment



UNIVERSITY OF ALASKA

COLLEGE, ALASKA 99701

February 16, 1971

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

Dear Commissioner Henri:

This is to request that the University of Alaska be authorized a supplemental appropriation for fiscal year 1970-71 for the following reasons:

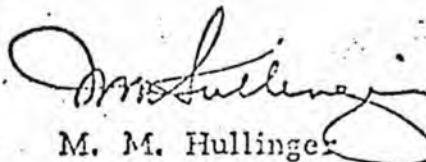
1. On June 23, 1970, a memorandum was issued by the Commissioner of Administration establishing the employee matching contribution rates for the staff retirement to be effective July 1, 1970. The effect of this change to the University, subsequent to the working budget approval, is projected to cost \$280,000.
2. In fiscal year 1969-70, the University paid \$135,000 in premiums for its insurance. In developing the 1970-71 working budget, it was estimated that as a result of the increased value of University assets, and losses suffered nationally by insurance companies, the annual premium would approximate \$205,000. In late July, the results of our negotiation with the insurance company indicated that our premium for the year would amount to \$319,000, or \$114,000 in excess of our estimates.
3. The unusual winter (snow in excess of 114 inches and extended periods of below zero temperatures) has made excessive demands on our budgets for reasons of employee overtime and rental of additional equipment for snow removal, heating costs, and numerous repairs to the heating and water systems at an estimated cost of \$100,000.

Commissioner Joseph R. Henri  
February 16, 1971  
Page Two

4. The cost of preparing office space for the Department of Natural Resources on the College campus, at the request of the Governor, in the amount of \$118,146.95 (less a payment by the Department of \$61,000) has caused the University to absorb an unbudgeted charge in the amount of \$57,146.95.

For the reasons presented, we are requesting additional funds in the amount of \$551,146.95. These amounts can be substantiated by specific details. Please let me know if there is additional information you need prior to honoring this request.

Sincerely,



M. M. Hullinger  
Vice President for Finance  
and Comptroller

alh

WILLIAM R. WOOD  
PRESIDENT



UNIVERSITY OF ALASKA  
OFFICE OF THE PRESIDENT  
COLLEGE, ALASKA  
October 24, 1972

RECEIVED  
OCT 30 1972  
GOVERNOR'S OFFICE

The Honorable William A. Egan  
Governor of Alaska  
Pouch A  
Juneau, Alaska 99801

Dear Governor Egan:

The Board of Regents has requested that I secure your assistance in obtaining legislation to establish a working capital fund for the University.

Such a fund would be a fixed liability on the books of the University, and would not be used as a part of the annual operating budget. The University, like any other ongoing organization, has current assets other than cash, such as petty cash funds, accounts receivable and inventories. A working capital fund is necessary to provide the monies for payment of the amounts owed vendors when such charges are due.

I am enclosing a copy of a letter to Mr. Hullinger by Commissioner Henri, dated April 4, 1972, indicating your endorsement of the working capital fund concept, and that you would be receptive to the introduction of such legislation during the first session of the 8th Legislature. At that time, Commissioner Henri recommended the appropriation of \$600,000, with the possibility of another \$600,000 in the following year. Your consideration to combine these two appropriations, and provide \$1,200,000 at this time would be greatly appreciated.

I am enclosing a copy of an analysis of the actual cash balances covering the last quarter of the 1972 fiscal year for your information. This analysis of cash balances shows why we had difficulties during the last four months of the fiscal year and why we are unable to pay bills or satisfy the requests from vendors during this period.

We sincerely appreciate any assistance that you can provide and assure you that we will continue to do everything possible to enhance the long standing reputation of the University of Alaska as being a responsible entity within the total operating activity of the State of Alaska.

-Sincerely,

William R. Wood  
President

cc: Commissioner Henri

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER / FORM C — JUNEAU 99801

4 April 1972

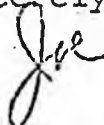
Mr. Max Mullinger  
University of Alaska  
P. O. Box 127  
College, Alaska 99701

Dear Max:

Enclosed herewith are drafts of the two bills relating to a working capital fund for the University, one creating the fund, and the other appropriating \$600,000. We feel it is too late in the session for the administration to introduce these this year. Governor Egan endorses the concept, and will introduce the legislation in the first session of the eighth legislature. Furthermore, we would not voice administrative objection were you to find an independent sponsor from among the legislative membership.

With kind regards, I remain

Sincerely yours,



JOSEPH R. HENRI  
Commissioner

JRH/kh

cc: Honorable William A. Egan

IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act establishing a working capital reserve fund for the University of Alaska; and providing for an effective date."

IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

\* Section 1. AS 14.40 is amended by adding a new section to read:

Sec. 14.40.295. WORKING CAPITAL RESERVE FUND. 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 state for the purpose of providing current working capital for the University of Alaska and is not available for appropriation by the Board of Regents.

\* Sec. 2. This Act takes effect on the day after its passage and approval on the day it becomes law without approval.

THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTH LEGISLATURE - SECOND SESSION

A BILL

or an Act entitled: "An Act appropriating to the University of Alaska working capital reserve fund and providing for an effective date."

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

\* Section 1. The sum of \$600,000 is appropriated from the general fund to the University of Alaska working capital reserve fund established in AS 14.40.295.

\* Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

UNIVERSITY OF ALASKA

Actual Cash Balances 1972

	April	May	June
Cash Balance per books	<u>\$(1,256,529.24)</u>	<u>\$(1,174,219.77)</u>	<u>\$(2,126,307.57)</u>
Receipts:			
State Appropriation	1,283,000.00	1,284,000.00	-0-
Grants & Contracts	1,863,805.06	997,047.47	593,098.43
Other	<u>465,121.41</u>	<u>477,487.12</u>	<u>1,555,701.04</u> *
Total Receipts	<u>3,611,926.47</u>	<u>2,758,534.59</u>	<u>2,149,699.47</u>
Cash Available	<u>2,355,397.23</u>	<u>1,584,314.82</u>	<u>23,091.99</u>
Disbursements:			
Gross Payroll	1,904,777.35	2,128,797.42	1,650,344.69
Other	<u>1,624,839.70</u>	<u>1,581,824.97</u>	<u>1,847,139.14</u>
Total Expenditures	<u>3,529,617.00</u>	<u>3,710,622.39</u>	<u>3,497,482.82</u>
Ending Balance	<u>(1,174,219.77)</u>	<u>(2,126,307.57)</u>	<u>(3,474,090.92)</u>

\* Includes \$975,000 of the 1.9 million received to purchase the AMU land.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

November 24, 1972

Dr. William R. Wood  
President  
University of Alaska  
College, Alaska 99701

Dear President Wood:

I have spent the past few days giving careful thought to your letters of October 24 and 27. As you will recall, these letters dealt with a working capital fund for the University and a request for consideration of a supplemental appropriation.

As you know, I am in agreement with the concept of a working capital fund. At this moment I intend to introduce legislation to create a working capital reserve. I feel it would be less strenuous on the State's budget if we were able to build the fund gradually over a period of fiscal years. Until the overall State budget is completed, I cannot determine what amount would be requested from the Legislature.

I had discussed the supplemental appropriation at length with Commissioner Henri and other budget personnel in the Department of Administration. Upon very definite evidence that the University's deficit cannot be otherwise resolved, I will give careful consideration to a supplemental request from the First Session of the Eighth Legislature. Both Commissioner Henri and I agree that any thought given to a supplemental request would be greatly influenced by your position and that of the Regents to three stipulations:

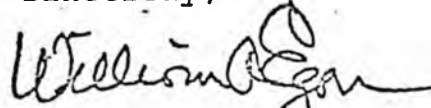
1. That the Fiscal Year 1974 State budget and all succeeding budgets entail the appropriation of all University money. In this we specifically mean money from the State General Fund, anticipated Federal receipts, and any other revenue source.
2. That the Board of Regents by formal resolution express the understanding of the University that pursuant to the Constitution of the State and the pertinent statutes, the University cannot expend beyond legislative appropriations any more than can any State agency.

November 24, 1972

3. Should it be determined clearly that significant savings can be realized to the State by the utilization of the Department of Administration's marketing of University insurance, the University will agree to this procedure beginning in the 1974 fiscal year.

It is my understanding that a meeting of the Board of Regents is scheduled for November 30. I would hope that the subjects set out above will be discussed. Let me assure you of my personal commitment to insuring orderly, controlled progress throughout our State Government, and most particularly the University System.

Sincerely,



William A. Egan  
Governor

The Legislature of the State of Alaska  
FISCAL NOTE  
First Session - Eighth Legislature

I. REQUEST

Bill Identification: House Bill 64  
 Title: An act making a supplemental appropriation to the University of Alaska  
 Requested by: Legislative Finance Date: 1/12/73  
 Return Date Requested: ASAP  
 Agency: Budget and Management Program: Post-Secondary and Adult Education

II. FISCAL DETAIL

Budget Request Unit(s) Affected: ALL - University of Alaska

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
Other (See Below)	1,688.0	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	<b>1,688.0</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

B. FUNDING: (Thousands of dollars)

GENERAL FUND	1,688.0	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The University, while operating in the black during FY 72, continues to show an accumulated deficit from prior years in its annual audit report of \$2,608,000. This amount is essentially made up of the following items:

Reserve for Bad Debts	\$350,000	Reserve for Encumbrances	\$388,000
Reserve for Accrued Leave	\$940,000	Operating Losses	\$930,000

After consultation with University officials and the Certified Public Accountants performing the most recent audit, the administration believes that the University has now established sufficient accounting controls (as evidenced by their performance in FY 72) to prevent further overexpending. We believe the slate should now be wiped clean on past errors, however we also believe that the full deficit is not worthy of funding. We disagree that the Reserve for Accrued Leave is a proper liability against prior appropriations - but against future appropriations. Accordingly it is recommended that only the three remaining items, totaling \$1,668,000, be funded.

IV. ATTACHMENTS

V. DATE: 1/16/73

PREPARED BY: M. R. Charney, Director

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

February 24, 1967

The Honorable Walter J. Nickel  
Governor, State of Ohio  
Columbus, Ohio

Attention: Mr. John B. Coghill

Dear Governor Nickel:

I have had the privilege of discussing informally with Mr. John Coghill, of the Department of Health, Education and Welfare, as well as with other members of the Department of Health, Education and Welfare, the various plans to improve the state's health care system and to develop the University of Akron campus. I have also reviewed your proposal to bring about a reorganization of research, instruction, and service programs in the colleges of Akron, Ohio, and to transfer with it the state's research and development efforts in health care research, instruction of the University, and planning of health care and other programs.

It is my understanding that it is planned to relocate the state Division of Health, Education and Welfare's professional and administrative staff and on the campus of the University in Akron, Ohio. Currently, there is a physical shortage of suitable space available, but an increased effort will be made to acquire additional space to house the Division of Health, Education and Welfare's professional and administrative staff. The relocation of the Division of Health, Education and Welfare's professional and administrative staff to the campus of the University will be a major step in the development of a new health care center in Akron, Ohio. It is my understanding that it is planned to construct in the Akron area a new health care center which will be a major step in the development of a new health care center in Akron, Ohio. The state Division of Health, Education and Welfare, the State Board of Health, the State Board of Education, and the College of Health, Education and Welfare are the major agencies of the University.

I am pleased to hear that it is planned to encourage the state's health care workers to participate in the development of a new health care center in Akron, Ohio. It is my understanding that it is planned to encourage the state's health care workers to participate in the development of a new health care center in Akron, Ohio.

Attachment A

The Honorable Walter J. Mickel

-2-

February 24, 1967

Since the type of coordination of plans and activities which you contemplate will likely require the development of some system of reimbursement or agreement, I would appreciate the director of the Division of Police Administration with the expediency of an early date. The University will be pleased to assist in every way possible in the relocation you propose.

Sincerely yours,

William R. Wood  
President

cc  
FAC/HS

cc: Messrs John J.ovich  
Robert W. G. G. G.  
Robert G. G. G.  
Dana M. Bolstein

COPY

99701

15 May 1967

The Honorable Walter J. Michel  
 Office of the Governor  
 Room 3 - State Capitol Building  
 Juneau, Alaska

Dear Governor Michel:

When you were on campus for Governor's Day we discussed briefly the desirability of finding space on the campus of the University for the location of the State Division of Mines and Minerals. Dean Carl Kristine has made a thorough review of all on-campus space and has specific suggestions to offer for consideration. Scoutmaster Maurice Smith and Representative Mary Anderson have seen the space and believe that appropriate facilities can be located in the suggested areas. Mr. Holdsworth and Mr. Williams, also, have seen most of the space. While present limited possibilities are certainly not an ideal solution for the space needs of the Division, for the short-term and until new and wholly adequate facilities can be provided, I believe that operational space could be increased from areas shown in the following list:

<u>Location</u>	<u>Dimensions</u>	<u>Area (sq.ft.)</u>	<u>Estimated Remodeling Cost</u>
1. Brooks Building	16'x16'	256	\$ -
2. Heating Plant	20'x50'	1000	1,500
3. University Commons Basement	16'x55'	880	2,500
4. Maintenance Shops 2nd Story	50'x30'	1500	18,000
	70'x30'	2100	
	20'x30'	600	
5. Maintenance Shops 2nd Story	20'x30'	600	1,500

The Honorable Walter J. Michael  
10 May 1957  
Page 3

Notes:

- A. Above areas are approximate gross floor area without deductions for utilities, stairways or partitions.
- B. Location of space in the Maintenance Shops are shown on the accompanying schedule.
- C. Above cost estimates are for remodeling as follows:
  1. None shown.
  2. Heating Plant - Partition wall on boiler room only.
  3. University Corridor - New ceiling and lighting. No plumbing installation. If sink and water are required, add \$1500.
  4. Maintenance Shops, 2nd Story - Tile floors, paint sheetrock and/or remove sheetrock walls, heat controls, toilet, structural remodeling, and installation of windows.
  5. Maintenance Shops, 1st Story - Tile floor, masonry and sheetrock walls.

High cost figures of remodeling could be given at the time the State Division of Lines plan for use of space is stated and the accompanying specific requirements shown.

At present the University has a fixed rental charge to Federal and State agencies, such as the U.S. Geological Survey and the State Division of Mines, of \$37 per sq. ft. per month. The University pays, by way of comparison, over 60¢ per sq. ft. per month for space in the Basic Building in Washington. If there should be need for extra janitor service or special requirements for such items as lighting and power, the University would be pleased to negotiate these with the Division. The University rental charge at present is below actual cost of maintenance and basic utilities costs.

I shall be happy to forward to your office any additional information that you may desire or making possible the relocation of the Division at an early date.

The Honorable Walter J. Michel  
18 May 1967  
Page 3

Your strong interest in this matter is very much appreciated. Certainly you are indicating a most significant step toward developing the mineral industry as a primary means of improving the economy of the State.

Respectfully yours,

William E. Wood  
President

WJW:cl

Attachment

cc: Senator Maurice Smith  
Representative Arnold Stuenkelberg  
Representative Terry Anderson  
Senator John Litvovich

# STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

POUCH M. — JUNEAU 99801

June 2, 1967

President Wm. R. Wood  
University of Alaska  
College, Alaska 99701

Dear President Wood:

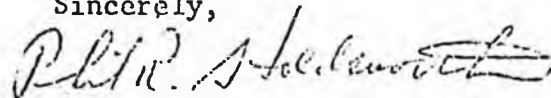
Following receipt of your letter of May 15, 1967 addressed to Governor Hickel, both Jim Williams and the undersigned have had an opportunity to visit the University Campus and review in some detail the available space for the move of the Division of Mines and Minerals to the University of Alaska Campus. It now appears that additional space will be available in the Maintenance Shop Building, and the specific needs of the Division relative to preparation of the space have been discussed with Mr. Moriarity.

Although some architectural assistance will be required to lay out the proper arrangement of utilities, it is apparently felt that the space can be satisfactorily prepared to our requirements by force account methods under Mr. Moriarity's direction. The matter has been discussed with Governor Hickel and he has authorized us to proceed along these lines.

Mr. Williams will provide a detailed layout of his requirements sufficient for your staff to proceed with preparation of the space to be occupied. It is our intent to move the laboratory first and will do so as soon as the space it is to occupy is ready. The Department of Natural Resources should be billed for the costs incurred by your personnel in preparing the space for our occupancy.

We would appreciate your approval of this proposal and your advice as to how soon we might proceed with the project.

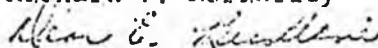
Sincerely,



Phil R. Holdsworth  
Commissioner

PRH:cm

cc - Governor Walter J. Hickel  
Jas. A. Williams, Director, M&M  
Richard V. Moriarity



# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINES AND MINERALS / POUCH 11 - JUNE 1967

June 2, 1967

Earl H. Beistline, Dean  
College of Earth Sciences  
and Mineral Industry  
University of Alaska  
College, Alaska 99735

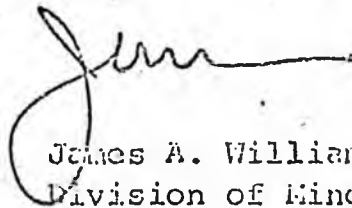
Dear Earl:

Move of the Division to College

In case you don't receive it otherwise, and to keep you posted, here is a copy of Phil Holdsworth's letter of today to Dr. Wood giving the University authority to prepare space for the Division at our expense and asking Dr. Wood's approval and advice.

I am now working on plans to fit our needed offices and lab facilities into the available space, but it appears the next step is for Dr. Wood to send us his approval as per Phil's request.

Sincerely,



James A. Williams, Director  
Division of Mines and Minerals

JAW:mez  
Attachment

10/10/62

Respected

WILLIAM R. WOOD

*Dr. W. R. Wood*

Dear Mr. Wood,

In order to proceed with the project as soon as the following information is received from you, I am writing you.

The project is to be carried out in the field of Alaska. It is the policy of the University to support research in the field of Alaska. It is the policy of the University to support research in the field of Alaska. It is the policy of the University to support research in the field of Alaska.

The project is to be carried out in the field of Alaska. It is the policy of the University to support research in the field of Alaska. It is the policy of the University to support research in the field of Alaska.

Sincerely,

WILLIAM R. WOOD

10566

State of Alaska

Department of General Services

10566

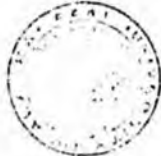
WILLIAM R. WOOD

*Dr. W. R. Wood*  
*10566*  
*10566*

June 2, 1962

OFFICE OF THE PRESIDENT  
COLLEGE, ALASKA

UNIVERSITY OF ALASKA



WILLIAM R. WOOD

# STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

FOUCH II. -- JUNEAU 99601

June 15, 1967

Dr. Wm. R. Wood, President  
University of Alaska  
College, Alaska  
99701

Dear Dr. Wood:

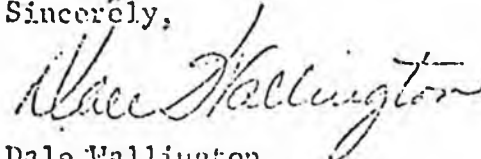
Attached are the preliminary sketches for space for our Division of Mines and Minerals at the University.

As planned, the lab section will be needed first, but we have included sketches of the upper floor since it will be necessary to install a floor over the lab. As soon as feasible, we will have someone on location advise you about installation of wiring, exhaust fans, sinks and other utilities.

Since any further delay in the proposed move will have a vital effect on the morale of the staff, we would like to urge that all necessary action be taken. We would prefer, in order to save time, to use a force accounting method of financing, rather than wait for contract bids.

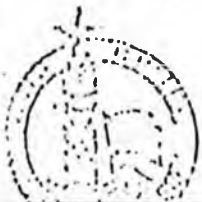
Please advise as to the progress of this project so that we may be planning our move.

Sincerely,



Dale Wallington  
Deputy Commissioner

EW:cm  
enc.



JUNE 29, 1967

782  
NANMEMORANDUM

TO: Dr. Wood

FROM: R. V. MORIARTY *RVM*

SUBJECT: REMODELING OF BUILDING 803 FOR SPACE FOR  
BUREAU OF NATURAL RESOURCES DIVISION OF  
MINES AND MINERALS

THE COMPTROLLER'S OFFICE HAS FURNISHED THIS OFFICE WITH A NUMBER, NAMELY 267-0100, TO WHICH WE ARE TO CHARGE LABOR AND MATERIALS INVOLVED IN PERFORMING THE SUBJECT, REMODELING.

IT IS MY UNDERSTANDING THAT DEPLOYMENT OF MAINTENANCE FORCES AND HIRING OF ADDITIONAL PART-TIME LABOR TO ACCOMPLISH THIS WORK AND TO REINFORCE THE BUDGETED LABOR FORCES WHICH MAY BE USED TO DO THIS NON-MAINTENANCE CONSTRUCTION WILL BE UNDER MY DIRECTION, AND THAT THE ABOVE ACCOUNT NUMBER WILL ULTIMATELY BEAR THESE COSTS.

WE INTEND TO COMMENCE IMMEDIATELY ON THIS CONSTRUCTION, AND WHERE FEASIBLE WITHIN THE LIMITS PRESCRIBED BY THE COMPTROLLER, TO HIRE LOCAL FIRMS TO HELP ACCOMPLISH THE TASK.

RVM/LO

CC: ACADEMIC VICE PRESIDENT  
COMPTROLLER

File

UNIVERSITY OF ALASKA  
COLLEGE, ALASKA

June 30, 1967

Mr. Dale Wallington  
Deputy Commissioner  
Department of Natural Resources  
State of Alaska  
Pouch M  
Juneau, Alaska 99801

Dear Dale:

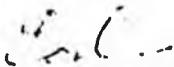
Congratulations on your position of Deputy Commissioner of Natural Resources. Because of your background of experience, you have much to give that will be of benefit in developing Alaska's mineral resources.

On behalf of President Wood, I thank you for the plans for the Division of Mines and Minerals on the University of Alaska campus which were received with your recent letter. Mr. Meriarity, Director of Maintenance and Operation, has begun work to prepare the space. Before work can continue beyond the middle of next week, a representative of the Division of Mines and Minerals will be required to give more detail. Jim Williams plans to be in Fairbanks on the 5th of July, so this point is under control.

Yesterday, I talked with Phil about a hearing on water pollution control that was held in Juneau on Wednesday, July 28th. We would appreciate receiving any additional information that you or Phil may have on this matter so that interested people in the area can express their thoughts in the interest of the mining industry.

Best personal regards.

Sincerely yours,

  
Earl H. Beistline  
Acting Academic Vice President

EHB/b

cc: Dr. Wood

MEMORANDUM

October 17, 1967

TO: Dr. William R. Wood

FROM: Earl H. Beistline

SUBJECT: State Division of Mines and Minerals move to University of  
Alaska, College Campus

Governor Hickel's plan to move the State Division of Mines and Minerals to the College Campus is progressing. The facility for the offices and laboratory is being constructed in the northwest corner of the Warehouse Building. The University is doing the work in compliance with plans submitted by the State Department of Mines and Minerals. Reimbursement for the work will be made from State funds other than University funds as stated by Governor Hickel.

Several weeks ago the Governor visited the facility and at that time a target date for completion of remodeling was set for November 15, 1967. The best information to date is that remodeling will be completed by that date, with the possible exception of final lights and ventilation installation which is now on order. However, the facility may be occupied as scheduled.

EHB/kb

5 J ✓  
January 15, 1968

Mr. Thomas E. Kelly, Commissioner  
Department of Natural Resources  
State of Alaska  
Pouch M  
Juneau, Alaska 99801

Dear Mr. Kelly:

In accordance with the attached letter dated June 2, 1967 Mr. Holdsworth, Commissioner of the Department of Natural Resources, instructed the University of Alaska to forward the bill for the construction of the office quarters for the Division of Mines and Minerals to your office. The construction of these facilities is now nearing completion and we have accumulated cost through December 31, 1967 in the amount of \$100,374.27.

Please advise my office what method we should use to bill these charges to your Department.

Thank you very much for your assistance in this matter.

Sincerely,

*Wayne E. Williams*

Wayne E. Williams  
Associate Comptroller for Accounting

WEW/dk

# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH II. — JUNEAU 99801

January 30, 1968

Mr. Wayne E. Williams  
Associate Comptroller for  
Accounting  
Office of the Comptroller  
University of Alaska  
College, Alaska 99735

Dear Mr. Williams:

The bills for construction of the office quarters for the Division of Mines and Minerals should be sent to Mr. James Williams, Department of Natural Resources, Division of Mines and Minerals, P. O. Box 5-300, College, Alaska.

After he has verified the charges, this office will expedite the payment in full.

Sincerely yours,



Dale Wallington  
Deputy Commissioner

February 27, 1968

Mr. James Williams  
P. O. Box 5-300  
College, Alaska

Dear Mr. Williams:

In accordance with Mr. Dale Wallington's letter dated January 30, 1968, a copy of which is attached, and your telephone conversation with Mr. Wayne Williams, the Associate Comptroller for Accounting, we are forwarding to you for your verification of charges our Partial Billing No. 1 covering the construction of the office quarters for the Division of Mines and Minerals.

Please note from the attached billing that this project still has some work to be completed; however, due to the heavy expenditures from the University of Alaska Current Funds, we would appreciate it if you would approve this partial billing in the amount of \$100,903.61 and forward it to the Department of Natural Resources, to the attention of Mr. Dale Wallington.

Very truly yours,

Harold A. Byrd  
Comptroller

Enclosure

HAB:WEW:djk

UNIVERSITY OF ALASKA  
COLLEGE, ALASKA

Invoice of Expenditures for the construction of office quarters for the Division of Mines and Minerals, Department of Natural Resources, at College, Alaska.

PARTIAL BILLING NO. 1

LABOR CHARGES (Exhibit A attached)

July	1967	\$ 1,803.56	
August		1,551.46	
September		4,204.42	
October		16,191.66	
November		20,681.36	
December		4,860.20	
January	1968	<u>2,873.09</u>	
			\$ 52,165.54

PAYROLL TAXES (\$52,165.54 x 4.4%) \$ 2,295.28

EMPLOYER INSURANCE (Total full-time equivalent employees - 50 employees @ \$5.50) 275.00

MATERIALS USED (Exhibit B for detail)

July	1967	\$ 32.82	
August		247.57	
September		1,615.33	
October		3,700.02	
November		15,523.20	
December		11,915.39	
January	1968	<u>13,133.66</u>	
			\$ 46,167.99

PARTIAL BILLING NO. 1 - Expenditures thru 1-31-68 \$ 100,903.81\*

\*NOTE: The following is an estimate of expenditures to complete this project:

Outstanding Purchase Orders (1-31-68)	\$ 13,581.44
Estimated miscellaneous materials and labor to completion	<u>1,500.00</u>
	<u>\$ 15,081.44</u>

To

Dale Hallington  
Deputy Commissioner  
Department of Natural Resources  
Juneau

March 25, 1968

From

James A. Williams, Director  
Division of Mines and Minerals  
College

Verification of  
Partial Billing No. 1

I have checked the Partial Billing No. 1, from the University of Alaska, covering the construction of the office quarters for the Division of Mines and Minerals and verify to with the exception of a credit for \$63.03 on the Heavy Materials Usage Volume, week of October 30 to November 5, 1957, on Work Order 291039, and a credit of \$269.59 on Exhibit A of the Labor Charges.

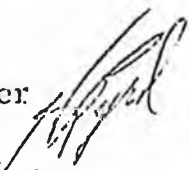
He should be credited with these two items on the next billing.

JAW:ms  
enck,  
cc: J. Williams, U of A

## MEMORANDUM

May 27, 1968

TO: President William R. Wood

FROM: Harold A. Byrd, Comptroller 

SUBJ: Campus Facilities for State  
Division of Mines and Minerals

Funds advanced by the University to the State Department of Natural Resources in full reliance on State assurances that such funds would be returned to the University, are still outstanding. This, combined with the deferment of certain physical plant deficiency appropriations into next year, has placed the University in a very serious cash position as we come into the final weeks of the fiscal year. The sums combine to a substantial figure:

Due from Department of Natural Resources	\$118,146.95
Deferred Deficiency Appropriation	<u>143,583.00</u>
	<u>\$261,729.95</u>

There are other reasons for the University's shortage of working capital, notably the recent federal government moves to curtail advance transmittal of grant funds, and conversion of many research and training contracts to a "cost reimbursement" basis. The University has never received any benefit for working cash purposes from State surpluses and reserves, and has always been required to establish annual budgets without contingency elements. This meant that all of its resources were expended by the last month of its fiscal year, and any "receivables" had to be matched by deferred "payables." Obviously, the \$261,729.95 "receivables" described above are far in excess of any reasonable sums which may exist in outstanding purchase orders or other obligations.

It is true that the deficiency appropriation will be recovered in next fiscal year. However, the cash crisis will occur at the end of May when teachers' final contract payments are made, and in June. There is no relief in sight for covering the sum advanced to the State--even in next year--unless cash settlement is received from State sources for the \$118,146.95 very soon.

\* \* \*

The following schedule summarizes the events relating to the advance of funds to the Department of Natural Resources:

1. Conversations between Governor Hickel and President Wood on Governor's Day, 1967, in which the Governor's decision to move the Division of Mines and Minerals to the University campus was conveyed to President Wood.

President William R. Wood

-2-

May 27, 1968

2. May 12, 1967 report of Acting Academic Vice President Beistline on difficulties of locating suitable spaces on campus, and explanation of need for construction and remodeling in any of the spaces considered.
3. May 15, 1967 letter to Governor Hickel from President Wood outlining possible spaces, costs and operating problems, rentals and service costs.
4. May 1967 visit of Commissioner Holdsworth and Director James Williams to campus, and selection of site in Maintenance Shop building.
5. June 2, 1967 letter from Commissioner Holdsworth to President Wood asserting Governor Hickel's directions to (a) proceed with plans and layout, (b) use University forces and funds under direction of Mr. Moriarty following layout to be supplied by Mr. James Williams, and (c) the bill for costs to be presented to Department of Natural Resources.
6. June 2, 1967 letter from Director Williams to Dean Beistline promising layout plans and requesting formal University acceptance.
7. June 7, 1967 letter from President Wood to Commissioner Holdsworth accepting the proposal.
8. June 15, 1967 letter from Deputy Commissioner Wallington to President Wood submitting sketches.
9. June 19, 1967 telephone notification (Bill Race to Beistline) that detailed plans had been transmitted.
10. June 29, 1967 memo from Mr. Moriarty notifying President Wood that Comptroller had established an Account Receivable account for all costs related to this project, and affirming that such force-account construction would not result in deterioration of campus maintenance or reduction of any budgeted sums.
11. June 30, 1967 work started clearing space per letter to Wallington from Beistline.
12. January 15, 1968 letter to Commissioner (new) Thomas E. Kelly from University Associate Comptroller for Accounting, Wayne Williams, mentioning construction progress, outlining University need for funds, and requesting instructions on method of billing.
13. January 30, 1968 letter to Wayne Williams from Deputy Commissioner Wallington instructing that bill go to Director James Williams.
14. February 27, 1968 letter to James Williams from Comptroller Harold Byrd transmitting Partial Billing No. 1 (\$100,903.81), outlining University's critical need for return of these funds, and noting an estimate of about \$15,000 for the final billing.

President William R. Wood

-3-

May 27, 1968

15. March 25, 1968 carbon copy of memo to Deputy Commissioner Wallington from Director Williams verifying Partial Billing No. 1.
16. May 10, 1968 Billing No. 2 (Final) for \$17,243.14, incorporating adjustment of Billing No. 1 items required by Director James Williams.

\* \* \*

A rental agreement, supplanting the one on the Eielson Building space for the State Assay Lab, has yet to be prepared. It will no doubt provide for rental payments for the heated space, and separate payments for electrical power on a metered basis, and for any janitorial or other maintenance services which may be required by the Division of Mines and Minerals. No bills have been presented but the electrical meter is being read and recorded each month.

HAB:ey

May 23, 1968

Mr. James Williams  
P. O. Box 5-300  
College, Alaska

Dear Mr. Williams:

In reference to attached Partial Billing No. 1, after checking the audit adjustments you had made on this billing I find that you are correct in most of the extension errors. Please note, however, that on Page A8 there was an extension error of \$100.00 and on Page A9 an addition error of \$100.00. When you take these two corrections into account it would bring your audited figure back to \$100,914.30, or \$10.94 more than our original billing. Rather than make an adjustment for this minor amount, the University would prefer to absorb the cost and allow the original billing to remain as originally billed.

Sincerely,

*Wayne E. Williams*

Wayne E. Williams  
Associate Comptroller for Accounting

WEW:dt  
Enclosure

DIVISION OF MINES AND MINERALS

Dale Kellington  
Deputy Commissioner  
Department of Natural Resources  
Juneau

June 14, 1968

James A. Williams, Director  
Division of Mines and Minerals  
College

*JAW*  
University of Alaska final  
billing No. 2.

Here is the final billing from the University of Alaska. We find it correct except for the labor charge for January and resultant charge in payroll taxes, as noted on the sheet labeled "Final billing No. 2".

Also enclosed is copy of Mr. Byrd's letter of May 27 to me regarding this billing.

JAW:ms  
Attachments

## MEMORANDUM

June 4, 1963

TO: President William R. Wood

FROM: Harold A. Byrd, Comptroller

SUBJ: Settlement of Advance to State  
Division of Mines and Minerals

Pursuant to efforts of the University to reduce its cash shortage imposed at year-end largely by the advance of funds to the State for construction of Division of Mines and Minerals facilities, a conference was called in person. It was held May 29, 1963 in the office of Commissioner of Administration Robert W. Wood, and those in attendance were:

Commissioner Wood  
Deputy Commissioner of Natural Resources Dale Wellington  
Director Division of Budget and Management Richard Proser  
University Comptroller Harold A. Byrd

The total billings claimed due for reimbursement from the Division of Mines and Minerals were:

Preliminary Billing No. 1	\$100,993.61	
Final Billing No. 2	<u>17,213.14</u>	
Total Funds Advanced	<u>\$118,206.75</u>	0002702.013

In the course of the conference, it was revealed that the Department of Natural Resources acknowledged the obligation for the approximate sum of \$118,206.75 but could not make payment of the full sum because of shortage of funds in the current fiscal year.

It was also revealed in this conference, that the cash shortage affect on the University imposed by this advance (together with deferred into 1963-64 of the \$148,593.63 physical plant deficiency appropriation to the University) was most acute at the end of the fiscal year--particularly with respect to the June 30 University payroll.

Accordingly, it was concluded that the following steps would be taken by the State Departments of Administration and Natural Resources:

1. A payment on the account would be made (within a few days after the conference) to the University in the approximate amount of \$51,000.00, which sum is the amount which the Division of Mines and Minerals expects to "close."
2. The University would be expected to hold the remaining balance of the \$118,206.75 in "Accounts Receivable" and to enter same in the fiscal year, and the Department of Natural Resources would be expected to make payment of the remainder to the University.

June 4, 1933

3. To relieve the cash shortage of the University at June 30, it was agreed that the University's first quarterly 1933-34 appropriation transfer would be made on July 1, 1933 so as to enable the University to cover its June 30 payroll by appropriate deposits on that day. The sum of \$143,533.00 is to be included in the first quarterly transfer.

It is recognized by all parties that the University will have to defer payment of several payable items in June, and in fact is already doing so. It is hoped that the creditors involved will not translate this into terms of a loan or credit rating for the University, but some complaint from those creditors is probably inevitable.

HAB:ay

cc: *Mr. Williams*

June 4, 1963

Honorable Robert W. Ward, Commissioner  
Department of Administration  
State of Alaska  
Pouch C  
Juneau, Alaska 99801

Dear Mr. Ward:

To keep all parties informed, and for purposes of maintaining complete agreement between all parties to our conference of May 29, I am supplying copies of my report to President Wood. You will probably wish to send them on to Mr. Eweor and Mr. Wallington, but I leave this to you.

I do want to express to you my sincere appreciation for the very accommodating attitude with which you approached our problem and your efforts to arrange settlement of all matters expeditiously on the one short day I was able to spend in Juneau.

Sincerely,

Harold A. Byrd  
Comptroller

HAB:ey  
Enclosures

cc Mr. Williams

May 27, 1968

Mr. James Williams  
P. O. Box 50200  
College, Alaska

Dear Mr. Williams:

In accordance with Mr. Dale Wallington's letter dated January 30, 1968, we are forwarding to you for your verification of charges our Final Billing No. 2, covering the construction of the office quarters for the Division of Mines and Minerals.

Due to the heavy expenditures from the University of Alaska Current Funds, we would appreciate it if you would approve this final billing in the amount of \$17,243.14, and forward it to the Department of Natural Resources, to the attention of Mr. Dale Wallington.

Sincerely,

Harold A. Byrd  
Comptroller

HAB:WEW:dt  
Enclosure

# MEMORANDUM

## State of Alaska

DEPARTMENT OF ADMINISTRATION

TO: William C. Mullin, Director  
Division of Finance  
Department of Administration

DATE : November 17, 1970

FROM: *T. K. Downes, Jr. M.D.*  
T. K. Downes, Commissioner  
Department of Administration

SUBJECT: University of Alaska -  
Alaska Architectural and  
Engineering Company

Per House Journal Supplement No. 15 dated April 16, 1968, the University of Alaska was directed by the Free Conference Committee to absorb the cost of renovation of their building within their existing budget. The renovation was to accommodate the Division of Mines and Minerals Lab, transferred from another area. The University did apparently absorb the costs, which had been the subject of a supplemental appropriation request, which had been refused by the legislature.

One of the costs involved was for services performed by Alaska Architectural and Engineering Co., per attached invoice, which the University has not yet paid. This is a 1968 bill and the vendor/contractor should not be left holding the bag. Therefore, today I called Mr. Mullinger of the University fiscal staff to advise him we were deducting the \$16,934.58 from our next payment to them and would pay the bill direct from here.

Please arrange to make this deduction, sending the University a warrant for the normal payment less the invoice. Please prepare another warrant payable to the vendor and give to me.

AA ARCHITECTURAL & ENGINEERING COMPANY

THIRD AVENUE • P.O. BOX 507 • FAIRBANKS, ALASKA 99701 • PHONE 452-1266

REC'D. COLLEGE

—State of Alaska—  
 Division of Mines & Minerals  
 —University of Alaska—  
 —College, Alaska—

AUG 4 1970

DIV. MINES & GEOLOGY

Attention: Mr. Jim Williams

STATEMENT OF YOUR ACCOUNT FOR July 19 70

DAY	DESCRIPTION	CHARGES	CREDITS	BALANCE
	Professional Services Invoice No. 14665			
	University of Alaska Mines & Minerals Building AA&E Co. Job No. 67-32			
	Preparing schematic, design development and working drawings and specifications for alterations to the University of Alaska maintenance building, College, Alaska for the Division of Mines and Minerals laboratory office building. Consultation and assistance in material and equipment acquisition and inspection and supervision of project.....	\$16,134.72		
	Prints.....	\$135.95		
	Telephone.....	253.75		
	Travel.....	455.16		
		\$849.86		
	Total.....			\$16,984.33

CODE DISTRIBUTION VOUCHER

DEPARTMENT

USED FOR (CIRCLE ONE ONLY)

SEE CODE AT BOTTOM OF FORM

(GD) TR TV AV JV

INSTRUCTIONS: FOR DISBURSEMENTS LIMIT PAYEE NAME TO 24 SPACES, ADDRESS TO 3 LINES AS FOLLOWS: 1st LINE, 24 SPACES, 2nd LINE 20 SPACES, 3rd LINE 18 SPACES FOR TRANSMITTAL OF RECEIPTS GIVE ADEQUATE DESCRIPTION

AGENCY DOCUMENT NUMBER

DATE PREPARED

11/19/70

VENDOR (PAYEE) NAME AND ADDRESS	ENCUMBRANCE NUMBER	TRANS CODE	DEPT.	DIV AND PROG.	FUNCTION	SUB FUNCTION	OBJECT RECI.	HIGHWAY FUNCTION	PROJECT LEDGER	AMOUNT
University of Alaska		369	90	01	01	00	710			1,416,500 00
First National Bank of Anchorage		361	90	01	01	00	710			1,399,515 42
Cr U of A 11 000825										
Juneau, Ak 99801										
Ak Architect & Eng Co		361	90	01	01	00	710			16,984 58
P O Box 509										
Fairbanks Ak 99701										
<p>This cancels warrant 101196 dated 11/11/70 so that a new one can be issued by deducting a payment to Alaska Architect &amp; Engineer Co for the mines and mineral building alteration plans in the amount of \$16,984.58. The combination of the two new warrants is for the month of December allotment.</p>										

CERTIFY: I certify that the facts herein or on supporting documents are correct, that this voucher can be charged against the funds and appropriations cited, that sufficient funds are encumbered to pay the amount or that there is a sufficient unencumbered balance in the appropriation cited to cover the amount.

DOCUMENT TOTAL =>

1,416,500 00

DATE ENTERED

VOUCHER NUMBER

127055

CERTIFYING OFFICER:

*Mr L Smith*

November 24, 1970

Mr. Thomas Wardell  
Deputy Attorney General  
Capital Office Building  
Juneau, Alaska 99801

Regarding University of Alaska claim against the Department  
of Natural Resources, in the amount of \$57,146.95.

Dear Mr. Wardell:

At the direction of the University Attorney, Mr. Edward Merdes, I am sending you a formal request to investigate the claim of the University against the Department of Natural Resources in the amount of \$57,146.95, which represents the balance due the University for the preparation of space on the College campus for the Division of Mines and Minerals.

The attached letters show in chronological order, the steps that led to the location of the State Divisions of Mines and Minerals at the University, and the commitments by both the University and the State Department of Natural Resources, to accomplish said move. The University at no time, committed funds appropriated to it by the State Legislature, for the direct benefit of the Department of Natural Resources, on other than an interim financing basis.

The total cost of preparing the space for the Department of Natural Resources in the amount of \$118,146.95, was billed to the Department in accordance with their instructions. On 17 June 1968 we received a payment from the Department in the amount of \$61,000. The balance, in the amount of \$57,146.95 is still carried as an outstanding account on the books of the University. We solicit your assistance in the settlement of this claim.

In addition to the above amount due the University, I was informed by Commissioner Thomas Downes of the Department of Administration, that a subsequent billing from the architect in the amount of \$16,984.58 is to be deducted from the University's operating appropriation. Such deduction to be made out of the payment due 30 November 1970.

Mr. Thomas Wardell  
November 24, 1970  
Page 2 .

On the basis of the attached information, you will note that the plans for the space were a direct commitment of the Department of Natural Resources. We protest this action by the Department of Administration.

On the basis of your phone conversations with the University Attorney, I understand that it will not be necessary for the University to respond directly to Commissioner Downes.

We appreciate your consideration of this request.

Sincerely,

M. M. Hullinger  
Vice President for Finance  
and Comptroller

MMH/jl

Enc.

cc: Mr. Ed Merdes

*file*  
*[Handwritten signature]*  
*3. [unclear]*

WILLIAM A. EGAN, Governor

DEPARTMENT OF ADMINISTRATION

DIVISION OF FINANCE POUCH C—JUREAU 99801

December 14, 1970

Mr. M. M. Hullinger  
Vice President for Finance  
and Comptroller  
University of Alaska  
College, Alaska 99701

Dear Mr. Hullinger:

This is to confirm our telephone conversation of this afternoon.

This evening we will issue a warrant payable to the University for \$616,984.58. We will deposit the warrant in the normal manner and by the time you read this you should have received the proceeds of the warrant.

This warrant pays the University the \$16,984.58 previously withheld from your December allocation for payment to Lee Linck. As you know, this matter has been referred to the Attorney General. The remaining \$600,000 is to assist in your cash flow requirements. As I understand it, you have paid out more than this amount for Naval Arctic Research and the Fine Arts Center, two reimbursable federal projects. The \$600,000 will be recovered at the rate of \$300,000 a month by reducing allocations to be made to the University at the end of January and at the end of February.

We have not yet received a requisition from the University for operating funds for the first quarter of 1971. Please send us the requisition as soon as you can.

Sincerely yours,

*W C Mullin*

William C. Mullin, Director  
Division of Finance  
Department of Administration

*Mail 12/16/70  
to Mullin - long  
Jan Smith*

*File # 12/24/70*  
*to return*  
*15*

# STATE OF ALASKA

WILLIAM A. EGAN, Governor

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M—JUNEAU 99801

December 15, 1970

M. M. Hullinger  
Vice President for Finance  
and Comptroller  
University of Alaska  
College, Alaska 99701

RE: University of Alaska claim against the Department of  
Natural Resources, in the amount of \$57,146.95.

Dear Mr. Hullinger:

Your letter of November 24th to Mr. Thomas Wardell, Deputy Attorney General, has been directed to this office for answer. I have reviewed the correspondence and discussed the matter of this claim of the University with Mr. Williams, Director of the Division of Geological Survey and Mr. Kelly and Mr. Wallington. I have also noted that the Legislature had requested that the monies due for the transfer of the former Division of Mines and Geology to the University were to be paid by the University. However, under the circumstances, it appears to me that the best thing that we can do is to introduce in the Legislature a supplemental appropriation to pay the amount due to the University. This amount would also include the architect's fee.

I believe that this is the only feasible way to handle this matter since there is no provision in the current budget for the payment due to you.

Very truly yours,

*Charles F. Herbert*

Charles F. Herbert  
Commissioner

cc: Mr. Thomas Wardell  
Deputy Attorney General  
Capital Office Building  
Juneau, Alaska 99801

100-24-1000

MERDES, SCHAIBLE, STALEY & DELISIO

ATTORNEYS AT LAW

P. O. BOX 810 • FAIRBANKS, ALASKA 99701 • PHONE 452-4433 AND 452-4434

Mr. Max Hullinger  
Vice President Finance & Comptroller  
University of Alaska  
College, Alaska 99701

SUBJECT Claim of Alaska Architectural  
& Engineering Co.

DATE December 23, 1970

Dear Max:

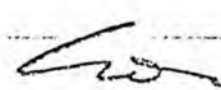
Enclosed are xerox copies of two self-explanatory letters, both dated December 7, 1970, received from Ray M. Harding of the Attorney General's office.

Would appreciate receiving your comments re same.

Sincerely,

MERDES, SCHAIBLE, STALEY & DeLISIO

EAM/be  
Encls.

  
BY Edward A. Merdes

DATE

# STATE OF ALASKA

KEITH H. MILLER, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K, STATE CAPITOL - JUNEAU 99501

December 7, 1970

RECEIVED

DEC 12 1970

Edward A. Merdes, Esq.  
Attorney at Law  
P.O. Box 810  
Fairbanks, Alaska 99701

RECEIVED  
STATE OF ALASKA  
DEPARTMENT OF LAW

Re: Claim of Alaska Architectural  
& Engineering Co.

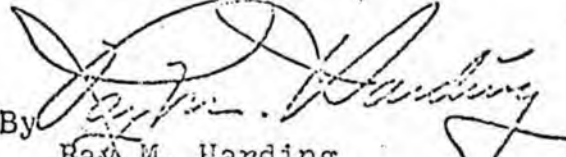
Dear Mr. Merdes:

We have reviewed the documents and statements in the office of the Department of Administration relative to the claim of the above captioned company for professional services rendered on the Mines and Minerals Building located on the University of Alaska's campus. We have also interviewed Mr. Lee Linck relative to the services which he performed. It is the opinion of our office that the obligation due Alaska Architectural and Engineering Company should be paid by the University of Alaska in the sum of \$16,984.58.

There appears to be no question but that the claimant is entitled to payment and if payment is not made in the near future I am certain he will look to the courts for relief, in which case several thousand dollars additional cost will be incurred in the form of interest, attorneys fees and court costs. It would, therefore, appear to be in the best interest of the taxpayers of the State of Alaska to pay this obligation before additional costs are, in fact, unnecessarily incurred.

Very truly yours,

G. KENT EDWARDS  
ATTORNEY GENERAL

By   
Ray M. Harding  
Assistant Attorney General

GKE:RMI:dw

# STATE OF ALASKA

KEITH H. MILLER, GOVERNOR

DEPARTMENT OF LAW  
OFFICE OF THE ATTORNEY GENERAL

POUCH K, STATE CAPITOL - JUNEAU 99501

DEC 12 1970

December 7, 1970

Edward A Merdes, Esq.  
Merdes, Schaible, Staley & DeLisio  
Attorneys at Law  
P.O. Box 210  
Fairbanks, Alaska. 99701

Dear Mr. Merdes:

Our office would recommend that you discuss the problem set forth in your letter of October 27, 1970, with the Department of Natural Resources, Division of Lands. If the department should determine a problem exists, I am certain they will be more than happy to request an opinion from the Attorney General's office.

Very truly yours,

G. KENT EDWARDS  
ATTORNEY GENERAL

By   
Ray M. Harding  
Assistant Attorney General

GKE:RMH:dw

Edward A. Merdes  
Grace Berg Schaible  
Howard Staley  
Stephen S. Delisio

Dennis E. Cook  
Doris Loennig

2nd Floor - Bloom Building  
527 Third Avenue  
Telephones: 452-4131  
452-4134

LAW OFFICES OF  
MERDES, SCHAIBLE, STALEY & DELISIO

POST OFFICE BOX 810  
FAIRBANKS, ALASKA 99707

February 9, 1971

Mr. Max M. Hullinger  
Vice President for Finance  
University of Alaska  
College, Alaska 99701

Dear Max:

This is to confirm our conversation of February 3rd in Juneau following my discussion with Commissioner of Natural Resources, Chuck Herbert, regarding payment for the Mines & Minerals remodeling. Although the payment to Alaska Architectural Engineering Services came from the Department of Natural Resources budget, Mr. Herbert explained that he came up with this money simply to save the neck of the bureaucrat who had made payments contrary to the orders of the Department of Administration. Although Herbert had been willing to seek an supplemental appropriation in order that his Department could pay to the University the balance of the improvement costs, he indicated that the Department of Law had informed him that he must not do this. This was apparently based upon the committee report dated April 16, 1968, indicating that the University should make payment.

In view of this attitude taken by the Department of Law, by which the Department of Natural Resources feels bound, the only remaining route seems to be a supplemental appropriation to the University. This gets into a political rather than a fiscal or legal matter. I do not feel that there is much more that our office can do on the matter at this time.

Sincerely,

MERDES, SCHAIBLE, STALEY & DELISIO

By *Dennis E. Cook*  
Dennis E. Cook

DEC/ps

Final result - Natural Resources paid the amount due which is 16,984.58  
University requested a supplementary appropriation to  
recover the \$7,146.95 but the request was denied by the  
Law Office.  
*Max Hullinger*

## MEMORANDUM

State of Alaska

TO: 

ALL SCHOOL DISTRICTS

Department of Administration  
Pouch C  
Juneau, Alaska 99801

DATE : June 23, 1970

FROM: T.K. Downes  
Commissioner  
Department of Administration  
*T.K. Downes*SUBJECT: Teachers' Retirement  
Contribution Rates  
Effective 7-1-70

In accordance with the 1970 amendments to the Teachers' Retirement Act, a copy of which is attached, the following contribution rates shall be effective 7-1-70:

Teachers' Mandatory Contributions	7%
Teachers' Supplemental Contributions	1%
Employer Matching Contributions	4.5425%

Please note that the employer matching is paid on total teachers' contributions submitted. The State will match in an equal amount.

Effective July 1, part-time teachers shall be included in the Retirement Act. Please refer to Section 14.25.220(16). See Chapter 138, Section 17. " "

*Does not apply to UAF*

If you have any questions regarding membership, creditable service, or contributions, please contact the Benefit Section at the above address or call Mary-Jean Hackwood at 586-5251 as soon as possible.

*PER S increased from 4.52% to 7.83%*

*This late change cost the University in excess of 280,000 that was not anticipated in the budget for 1970-71*

*Attachment B*



# KENNETH A. MURRAY INSURANCE, INC.

AUTO • BONDS • FIRE • LIABILITY & WORKMENS COMPENSATION

300 BARNETTE STREET P. O. BOX 1007  
FAIRBANKS, ALASKA 99707  
Telephone 456-6646

June 19, 1972

University of Alaska  
College, Alaska

Attention: Mr. Max M. Hullinger, Vice President for Finance and Comptroller

Dear Mr. Hullinger:

Following are deposit premiums estimated for policies renewing July 1, 1972 to July 1, 1973:

<u>Policy No.</u>	<u>Kind</u>	<u>Premium</u>
EF 9004-045	Workmens Compensation Deposit	* \$ 80,000
EF 9004-044	Package, Property, Casualty, etc.	234,820
EF 9004-047	Umbrella, 1,000,000	8,910
EF 9004-048	Auto Fleet	20,230
	Sub Total	\$343,960

Policies Renewing after July 1, 1972

<u>Pol. No.</u>	<u>Expiration</u>	<u>Kind</u>	<u>Premium</u>
MF 401562	9-3-72	Protection and Indemnity domestic vessels	12,540
FB 71150	7-18-72	Aviation Insurance	** 12,390
Bond 6214639	8-21-72	U.S. Customs Bond, Continuous	40
		Sub Total	\$ 24,970

TOTAL

\$368,930

Sincerely,

*Deduct as not to be paid from the General Compensation Account*

\* = 80,000  
\*\* = 12,390

368,930

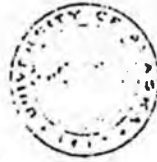
Robert E. Stine  
KENNETH A. MURRAY INSURANCE, INC.



RES:ch

cc: Mr. W. Hogan, Manager of Business Services

*Attachment C  
FORM C*



UNIVERSITY OF ALASKA  
COLLEGE, ALASKA 99701

February 16, 1971

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

Dear Commissioner Henri:

This is to request that the University of Alaska be authorized a supplemental appropriation for fiscal year 1970-71 for the following reasons:

1. On June 23, 1970, a memorandum was issued by the Commissioner of Administration establishing the employee matching contribution rates for the staff retirement to be effective July 1, 1970. The effect of this change to the University, subsequent to the working budget approval, is projected to cost \$280,000.
2. In fiscal year 1969-70, the University paid \$135,000 in premiums for its insurance. In developing the 1970-71 working budget, it was estimated that as a result of the increased value of University assets, and losses suffered nationally by insurance companies, the annual premium would approximate \$205,000. In late July, the results of our negotiation with the insurance company indicated that our premium for the year would amount to \$319,000, or \$114,000 in excess of our estimates.
3. The unusual winter (snow in excess of 114 inches and extended periods of below zero temperatures) has made excessive demands on our budgets for reasons of employee overtime and rental of additional equipment for snow removal, heating costs, and numerous repairs to the heating and water systems at an estimated cost of \$100,000.

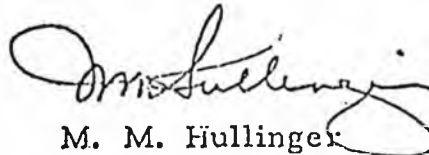
*Attachment D.*

Commissioner Joseph R. Henri  
February 16, 1971  
Page Two

4. The cost of preparing office space for the Department of Natural Resources on the College campus, at the request of the Governor, in the amount of \$118,146.95 (less a payment by the Department of \$61,000) has caused the University to absorb an unbudgeted charge in the amount of \$57,146.95.

For the reasons presented, we are requesting additional funds in the amount of \$551,146.95. These amounts can be substantiated by specific details. Please let me know if there is additional information you need prior to honoring this request.

Sincerely,



M. M. Hullinger  
Vice President for Finance  
and Comptroller

alh

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER    POUCH C — JUNEAU 99801

19 March 1971

Mr. M. M. Mullinger  
Vice President for Finance  
and Comptroller  
University of Alaska  
College, Alaska 99701

Dear Max:

This acknowledges yours of 16 February wherein you request a supplemental appropriation for Fiscal Year 1971 in the amount of \$551,146.95. The Executive Budget Review Committee has recommended against such a supplemental. As you know, the University has carry-over ability so that the FY 1971 overruns can be paid from FY 1972 proceeds. In Governor Egan's 1 March budget submission to the legislature, funding for the University was recommended at the level of \$18.9 million. This was a figure given to the Governor by the Executive Budget Review Committee as representing a so-called maintenance level for FY 1972. We were forced to do our own estimating of the maintenance level, since the University did not abide by the budget instructions and furnish that information with its budget submissions last autumn. As it turns out, the sum recommended to the legislature is \$600,000 beyond the maintenance level. Therefore, it is the feeling of the Budget Review Committee that your shortages should be carried into the next fiscal year and paid from that appropriation.

The Governor's supplemental appropriation requests, totaling over \$15 million were all sent to the legislature prior to receipt of your letter requesting the added half million dollars for the present year. As a part of the art of leadership in budget matters, the Governor adopted a firm intention not to request further supplementals beyond the original submissions. As a consequence of this, many departmental requests have been returned unsatisfied, with instructions to rearrange their programmed expenditures for the rest of this fiscal year in order to pay anticipated short falls.

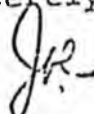
*Attachment C*

Mr. M. M. Hullinger  
19 March 1971  
Page. 2

Therefore, this is not unique treatment for the University, but rather part in parcel of our frugality plan. We are intent on eliciting the very best managerial competence from all State agencies to achieve more results with each available State dollar. Such a plan is never an easy one, yet it will yield great satisfaction to those who can achieve the goal. As you are aware by now, the fiscal projections dictate economy in the foreseeable years.

With kind regards, I remain

Sincerely yours,



JOSEPH R. HENRI  
Commissioner

JRH/kh

cc: Honorable William A. Egan

HB64

February 9, 1973

The Honorable C. R. Lewis  
Alaska State Senate  
Juneau, Alaska 99801

Dear Senator Lewis:

In response to your letter dated January 26, 1973, to Dr. Wood regarding the supplementary request of \$2,608,022, I am submitting the following information and attachments.

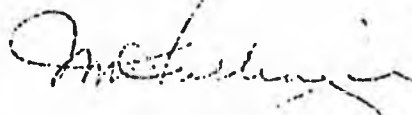
We definitely support the request of Governor Egan in his budget message and as detailed on page 4 of the Budget Document Supplement for fiscal year 1973-74.

The University has shown minor recurring deficits in its financial records since the report for fiscal year 1967, but the extraordinary factors that occurred in FY70 and FY71 caused this exceptionally large deficit.

I have attempted to explain the reserves and the causes for the operating losses in the attached material. Several of these factors are in accordance with generally accepted accounting procedures and in conformance with the request from our independent auditors. The losses are a result, to a great extent, of conditions beyond the control of the University administration.

Should you desire additional information or want me to visit with you for further explanation, please let me know.

Sincerely,



M. M. Hallinger  
Vice President for Finance  
and Comptroller

MMH:cb

Attachments

UNIVERSITY OF ALASKA

The deficit as shown in the attached financial report of the University of Alaska, dated June 30, 1972, (See Exhibit D):

Fund Balance (deficit)	<u>\$2,608,022</u> - 940,000 =
Consisting of:	1,668,000
1. Reserve for Bad Debts (Allowance for Doubtful Accounts -- Exhibit A)	\$350,000
2. Reserve for Accrued Leave	- 940,000 -
3. Reserve for Encumbrances (Exhibit D)	387,916
4. Operating Losses (difference between the total reserves and the deficit)	930,106

*Financial statement is correct*

The University of Alaska accounting system conforms to the national standards as set forth for colleges and universities. These standards impose a type of accounting responsibility that is more nearly typical to a normal business for profit as opposed to that required of a state or federal agency. In addition, the University, unlike any other agency in the State of Alaska, is audited by independent public accountants. Such audit is conducted under guidelines established by the Association of Certified Public Accountants.

In accordance with accepted accounting procedures the University has established the following reserves:

1. Reserve for Doubtful Accounts

This reserve represents a proper accounting procedure establishing out of operating income a reserve for potentially uncollectible accounts receivable. The reserve is adjusted annually on the basis of a review of all receivables as conducted by our independent public auditors. We have followed the

practice of not writing off potential bad accounts until all available efforts have been made towards obtaining their collection. This action is reflected by the substantial increase in the reserve the past few years.

2. Reserve for Accrued Leave

This reserve represents the current value of all leave earned by the employees and not used as of the end of each fiscal year. On June 30, 1969, at the request of the independent auditors and in accordance with proper accounting procedures the University adopted the practice of recording the provision for accrued leave and reserved a portion of the current unrestricted fund balance.

The balance in this account is reviewed annually by auditors, both public and federal.

3. Reserve for Encumbrances

This reserve represents an accumulation of all purchase orders issued and unpaid at June 30 of each year. The items become an immediate liability against expenditures in each succeeding year. Our independent auditors in their annual management report stress the importance of such a reserve and verify its accuracy. It is a typical and accepted accounting procedure to record such obligations in the financial records of an organization. In fact, failure to record these obligations would mis-state our operating records in any particular year, weaken our internal financial control and not provide the proper safeguards for effective budget management.

The above reserves are included in the deficit; therefore, if they are subtracted from the total deficit, it will leave an operational loss as at June 30, 1972, in the amount of \$930,106. This deficit is primarily a result of the following

extraordinary expenses that caused the University to exceed its projected budget, most of which were beyond our control.

1. The cost of preparing office space for the Department of Natural Resources (See Attachment A.) - \$57,147.
2. When pay increase bills for state employees have been authorized in the past by the Legislature, the University has been required to absorb both the salary increase and resultant fringe benefit cost out of its regular operating appropriation. An example of how and when the University receives such notification is attached. (See memorandum from T. K. Downes, dated June 23, 1970 - Attachment B.)
3. The winter of 1970 was most unusual in Fairbanks. It set many new records both as to the amount of snow (in excess of 144 inches) and the number of days of intense cold (50 to 70 degrees below zero). Snow had to be removed from tops of buildings and the heating costs were excessive. The actual cost attributed to the winter as it affected the budget of the Physical Plant caused an overrun of \$117,000.
4. The general liability, property damage, and workmen's compensation insurances (all three-year policies) were renewed in July, 1971. Recognizing that insurance premiums would increase as a result of disorder and destruction on college campuses in the "Lower 48," the budget for insurance was increased from \$135,000 in FY70 to \$205,000 for FY71. The lowest and sole bid for the insurance turned out to be \$319,000 or \$114,000 in excess of our budget. This

cost was not known until August, 1970, or well after the spending pattern had been developed. (See Attachment C as an example of what our projected cost will be for FY 73.)

All of these items, totaling \$568,147 were identified in a letter to Commissioner Henri dated February 16, 1971, at which time a supplementary appropriation was requested (See Attachment D.) This request was later denied. (See Attachment E.)

The University has continued to seek relief, but to no avail. In the meantime the University has tried to reduce programs and reserve portions of future incomes to provide savings so as to reduce the accumulated deficit. However the demands of each year's funds have been so great, particularly in the Anchorage or Southcentral Region for the development of the campus and expansion of the educational programs that the problem has increased. There has been a shift in emphasis, by students, from part-time to full-time status which greatly increases cost as a result of expanded course load and reduces the fee income as a result of a shift from per credit hour charges to the fixed consolidated fee. The Region incurred an operating deficit of \$360,103 in FY70, \$551,822 in FY71, and \$534,000 in FY72; most of the overrun that occurred during the past three years has been covered by savings from other operating areas of the University system.

Other factors that have adversely affected the budgeting at the University have been

1. Placing the employees not covered by the Teachers' Retirement System under the coverage of the Public Employees Retirement System. Cost exceeded budget by \$104,650 in FY69 and \$220,000 in FY70.
2. The opening of new facilities has not been adequately provided for in the way of new funds.
3. Inflation has been increasing at a rate far in excess of the provision for new funds as included in the budget manual.
4. Cost of utilities have been increasing as a result of actions approved by the Public Utilities Commission. Sewage, water and electric charges increasing in excess of 50% in the past two years. Coal increasing more than one dollar a ton in FY72.

As evidenced above, a number of adverse factors occurred in FY70 and FY71, and caused this financial deficit. Each item, if considered by itself, could have been absorbed by rebudgeting and curtailing operating expenses; but occurring together along with other fiscal problems, the load became too great a burden to be covered by the limited resources of the University.

I believe the University administrators have taken effective, responsive, and positive action in the past to cover these extraordinary expenses, or the deficit would have been much greater. This has all been done during a period when the University was constantly criticized for being unresponsive to the

needs of the State and when every action was being subjected to inquiry from many agencies and people within the State of Alaska.



HB64

UNIVERSITY OF ALASKA  
COLLEGE, ALASKA 99701

February 20, 1973

Honorable Alfred O. Ose  
Chairman of Education Subcommittee  
House Finance Committee  
Alaska State House of Representatives  
Juneau, Alaska 99801

Dear Representative Ose:

Pursuant to requests which were made by members of your subcommittee and other members of the House Finance Committee with respect to the University's request for a supplemental appropriation (House Bill No. 64), supporting information is attached hereto covering your questions on: (1) the reserve for uncollectible accounts; (2) the nature of accounts receivable; (3) unit costs of higher education; and (4) tenured employees of the University of Alaska.

Another question which was expressed by Chairman Hillstrand, and perhaps not completely answered, deserves an explicit response. This was a question which observed that the University of Alaska had never been granted a supplemental appropriation and sought a logical rationale for granting one now for costs which preceded the current year in which the supplemental appropriation is contemplated. This rationale was discussed briefly in the hearing but I set forth hereafter a full discussion for your consideration.

Reasons for deferment by previous legislatures

The University of Alaska has been recognized by prior legislatures to be in a position quite different from other state agencies in its dependence upon the legislature for appropriations in that it has operated from its inception on a combination of state appropriation and funds from non-appropriated sources such as fees, use charges, and federal appropriations.

This has led previous legislators to believe that somehow the legitimate supplemental needs could be absorbed in future years by the University. The first supplemental requests contained in the current substantial deficit were relatively small (for instance the \$57,147 requested in 1970 through the Department of Natural Resources). Thus it was possible for the University to defer these smaller sums into future years without serious consequences.

The annual appropriations for operating purposes have been so carefully drawn and so narrowly defined that it was not possible to recover the accumulating deficit without curtailing or eliminating programs for which the annual appropriations were made. It appeared, therefore, that the intention of each legislature which considered the several University supplemental requests was that the deficit should be perpetually deferred.

Justification for granting the supplemental appropriation

In 1971 a series of several unavoidable costs were encountered by the University and these included the excessive snowfall in the winter of 1970-71, surprise increases in state and federal staff benefit costs, and an insurance rate increase. The University's request for a supplemental appropriation was again deferred.

In 1972 the request for a supplemental was made through the Department of Administration but again deferred without presentation of a formal request to the legislature, although the University's increasing difficulties were outlined to the finance committees of the legislature. Current fund sources were thus exhausted long before fiscal year-end.

At year-end the accumulated deficit imposed extreme hardship on innocent suppliers of the University whose bills were necessarily postponed for settlement by the University for as much as two or three months. It convinced the state executive, Governor Egan, that a University request for supplemental appropriation should be supported to enable the University to be financially clear at the end of this fiscal year, and to enable it to rely entirely upon its annual operating appropriations for the planned and approved program operations.

It should be recognized that the deficit was accumulated largely through unforeseeable and unavoidable costs which would have been currently considered for supplemental appropriation to any other state agency. It is also appropriate to note that the University has obtained from independent auditors affirmative assessment of its accounting capability of (1) controlling expenditures within its budget, and (2) ascertaining any surprise costs encountered in the future early enough to present supplemental requests, as needed, to the legislature in the year in which they are encountered.

Logical principles involved

The University does not contemplate having to request supplemental appropriations in the future but it appears that passage of the current supplemental bill could establish the principle that the University of Alaska be accorded consideration for supplemental appropriations equivalent to that which is enjoyed by other agencies of the state.

UNIVERSITY OF ALASKA

Honorable Alfred O. Ose

-3-

February 20, 1973

The reason for the deficit appearing in the audited statement of the University as of June 30, 1972 in the sum of \$2,608,022 goes back to the various unbudgeted costs encountered in past years, denied for supplemental appropriation treatment, and paid by running the deficit and withholding settlement of bills at the end of each fiscal year. This deficit is defined by the Governor, however; in his recommendation for the supplemental appropriation, in terms of the various reserves and negative fund balances which appear in the audited statement. It is true that any of these reserves or deficit balances, if not covered by funds actually granted to the University, will result in a continuing deficit in future years. Even the \$940,000 reserve for accrued leave, which has been deleted by the Governor in submitting the supplemental appropriation bill, would leave a deficit appearing in each audited statement if not covered by funds to be placed in University accounts. Thus the University's request for a supplemental must continue to be in the sum of \$2,608,022. It is, of course, conceded that the accrued leave reserve is a contingent obligation which would be significant only in case of substantial curtailment of University funds.

Impractical to cover deficit from annual operating funds

The question whether the University of Alaska could cover any of the deficit carried forward from prior years out of current operating funds also merits comment. The Board of Regents demands businesslike and prudent budgeting of all current operating fund sources and observes carefully the legislative intent inherent in any appropriations received from the state for its annual appropriations. There is then a question whether they are permitted by such legislative intent to utilize any of their current funds for the prior deficits. Beyond that, the annual levels of state appropriations are now so narrowly defined that no margin is provided for so using the funds--without drastic cuts or elimination of ongoing programs.

Within each year there are some income shortfalls and expenditure overruns which can be covered by budgetary control procedures. However, the University has no contingency elements in its annual budget and must necessarily cover such unforeseen developments by drastically cutting other program expenditures within the terms of its current operating budget. This imposes a sufficiently difficult budget control problem without expecting that prior years' supplemental costs could be covered.

Probable consequences if supplemental denied

If the supplemental were not granted, the accumulated deficit is so great that the University would be compelled to take very drastic steps to retrieve its financial stability. At this date it could not avoid withholding payment of many

UNIVERSITY OF ALASKA

Honorable Alfred O. Ose

-4-

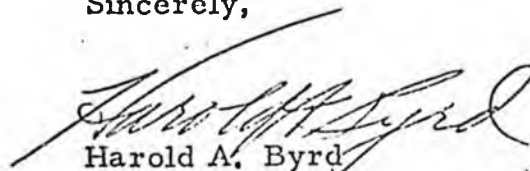
February 20, 1973

current bills and possibly even payroll within the last two or three months of this current year. Even by discontinuing many of the normal expenditures, terminating certain programs and dismissing employees (most of whom have annual contracts), it would be necessary to slash other programs within the next fiscal year in order to survive through that year with even a reasonable annual appropriation.

\* \* \*

I wish to express my personal appreciation of your very productive and courteous handling of the hearing in which I participated. Please be assured that I am available to return for further work with the subcommittee on the University's budget at your convenience.

Sincerely,



Harold A. Byrd  
Executive Director  
Budget Development & Legal Affairs

HAB:ey  
Attachments

UNIVERSITY OF ALASKA

Tenured Employees  
University of Alaska

Currently 154 University of Alaska academic employees are tenured. The total of academic employees is 525; thus 29% hold tenure.

On the Fairbanks campus there are 175 teaching and library faculty. Of these, 57 have been granted tenure. This is 33% of the total teaching and library faculty.

Statewide, those holding tenure are in the following categories:

Instruction	-	96
Public Service		9
Research		<u>49</u>
		154

Response to the Chronicle of Higher Education Study on Cost per Full-Time  
Equivalent at the University of Alaska

---

Per credit hour and per full-time equivalent student costs by regions and by average of the University of Alaska system are attached. The 1971-72 expenditure analysis is based on actual gross instructional expenditures, and the 1972-73 expenditures are based on 1972-73 budget estimates based on assumptions as stated in the footnotes in each case.

The expenditure study made by the Chronicle of Higher Education, published in its October 4, 1971 issue, is a questionable approach to instructional cost analysis. The request for information for this study was far from specific and reports a variety of expenditures, including research, extension, debt service, and attempts to relate these expenditures to FTE student costs.

The attached tables of cost analyses attempt to deal only with the gross expenditures that relate directly and indirectly to the instructional process of producing full-time equivalent students. They include instructional and institutional support expenditures, but they do not include expenditures for organized research, debt service and other such areas not related to instructional programs. The assumptions for allocating the portion of plant, library and central governance that relate to instruction are stated in the footnotes at the bottom of the form. These are stated as reasonable assumptions and are not based on actual cost analysis parameters.

The study shows that the 1971-72 FTE student costs for the University of Alaska System was \$2,435. The 1969-70 national average as reported in the Chronicle was \$1,562. If the Chronicle figure is adjusted by 3% per year for the national cost of living increase, this would make it \$1,657 for 1971-72. If, in addition, the Alaskan cost of living differential of 30% were then applied, this figure would be \$2,154. Based on this consideration, Alaska would be only slightly above the national average in cost.

The University is giving much attention to the improvement of productivity

factors (the production of credit hours by each full-time faculty, having increased 8% a year for 1971-72 and 1972-73), and other cost efficiency considerations.

Certainly, to simply strive for the national average in cost is in itself hardly a worthy goal. Obviously, the cost benefit factors must be the directing influences. Many studies and many task force groups are now at work within the University of Alaska System to scrutinize program development and to evaluate cost benefits.

Further study is being given to determining comparable data from other higher education institutions in the nation.

## Discussion of Factors Producing Differences in Unit Costs between Regions

In any comparisons of costs among the three Regions, it must be stated that there are differences in scope, level, and maturity of programs presented by the three Regions and because of these differences, the three Regions are not truly comparable on the basis of dollars per credit hour alone.

### Administration and General

One of the obvious differences in cost of administration per credit hour is the fact that there is the need for a basic administrative structure in each of the regions and on each campus. As the number of students increases, the student cost for administration reduces. Some administrative functions are still accomplished by the Northern Region on the Fairbanks Campus for other Regions, among these are the Registrar's services for Southeastern.

### Physical Plant

Differences in dollar cost for maintaining a physical plant are naturally the difference in size of the plant as well as the differences in cost for maintenance, operation and utilities; e.g. the cost of maintaining a square foot of space in Fairbanks is approximately 15% greater than for Anchorage and Juneau. Much of this added cost is due to differences in climate and cost of wages and materials. Southcentral and Southeastern campuses have only one square foot of instructional space to three feet on the Fairbanks campus. However, both the Anchorage and the Juneau physical plant space are being increased at a rapid rate to meet the needs and will in a short time bring unit plant costs within close range of each other.

### Instruction

Substantial differences exist in the unit cost for instruction among the regions (especially between the Fairbanks, Anchorage and Juneau campuses), the differences exist because of several factors. Among these factors are:

1. The difference in the number and kinds of programs and the scope of majors by levels between the campuses. Fairbanks, for example, has 107 graduate course offerings this fall. A breakdown of the number of programs by level for Fairbanks, Anchorage and Juneau as listed below will show these variations.

#### Academic Courses Offered Fall 1972

	<u>LD</u>	<u>UD</u>	<u>GD</u>	<u>TOTAL</u>
Fairbanks	199	240	107	546
Anchorage	232	83	59	374
Juneau	31	9	12	52
<b>TOTAL</b>	462	332	178	972

## Discussion of Factors Producing Differences in Unit Costs between Regions

In any comparisons of costs among the three Regions, it must be stated that there are differences in scope, level, and maturity of programs presented by the three Regions and because of these differences, the three Regions are not truly comparable on the basis of dollars per credit hour alone.

### Administration and General

One of the obvious differences in cost of administration per credit hour is the fact that there is the need for a basic administrative structure in each of the regions and on each campus. As the number of students increases, the student cost for administration reduces. Some administrative functions are still accomplished by the Northern Region on the Fairbanks Campus for other Regions, among these are the Registrar's services for Southeastern.

### Physical Plant

Differences in dollar cost for maintaining a physical plant are naturally the difference in size of the plant as well as the differences in cost for maintenance, operation and utilities; e.g. the cost of maintaining a square foot of space in Fairbanks is approximately 15% greater than for Anchorage and Juneau. Much of this added cost is due to differences in climate and cost of wages and materials. Southcentral and Southeastern campuses have only one square foot of instructional space to three feet on the Fairbanks campus. However, both the Anchorage and the Juneau physical plant space are being increased at a rapid rate to meet the needs and will in a short time bring unit plant costs within close range of each other.

### Instruction

Substantial differences exist in the unit cost for instruction among the regions (especially between the Fairbanks, Anchorage and Juneau campuses), the differences exist because of several factors. Among these factors are:

1. The difference in the number and kinds of programs and the scope of majors by levels between the campuses. Fairbanks, for example, has 107 graduate course offerings this fall. A breakdown of the number of programs by level for Fairbanks, Anchorage and Juneau as listed below will show these variations.

#### Academic Courses Offered Fall 1972

	<u>LD</u>	<u>UD</u>	<u>GD</u>	<u>TOTAL</u>
Fairbanks	199	240	107	546
Anchorage	232	83	59	374
Juneau	31	9	12	52
<b>TOTAL</b>	<b>462</b>	<b>332</b>	<b>178</b>	<b>972</b>

Academic Programs

	<u>Associate</u>	<u>Bachelor</u>	<u>Graduate</u>	<u>Total</u>
Fairbanks	11	40	25	76
Anchorage	20	11	7	38
Juneau	3	1	2	6
Other Campuses	14	0	0	14
<b>TOTAL</b>	<b>48</b>	<b>52</b>	<b>34</b>	<b>134</b>

It will be noted that the lower division course offering between Fairbanks and Anchorage is somewhat the same, however, the difference begins to emerge when the upper division course offerings are examined; the upper division in Fairbanks being three times the number offered in Anchorage and the graduate level offerings nearly twice that of Anchorage. Since the cost of creating credit hours increases as the level of course increases, it is easy to understand how the greater number of upper division and graduate courses on one campus tend to increase the average cost per credit hour for that campus.

The number of different majors offered by campus is a significant contributor to the overall unit cost. A count of the student majors by levels between the Fairbanks campus and the Anchorage campus reveals that the number of student majors at the lower division level is in approximately the same ratio, whereas the relationship increases at the upper division level at Fairbanks with twice as many student majors at that level and three times as many student majors than at the graduate level at Anchorage. In addition, the higher ratio of laboratory offerings in Fairbanks by a factor of five also adds significantly to the cost of instruction on the Fairbanks campus compared to the Anchorage and Juneau campuses.

- The differences in the mix of the rank of faculty among campuses are another significant factor contributing to cost differences. The following is an analysis of faculty rank among the larger campuses:

	<u>Fairbanks</u>	<u>Anchorage</u>	<u>Juneau</u>
Professor	41	4	0
Associate	54	19	2
Assistant	76	59	6
Instructor & Lecturer	25	54	1
<b>TOTAL</b>	<b>196</b>	<b>136</b>	<b>9</b>

These data show rather dramatically the differences in faculty mix. The higher number of professors and associate professors on the Fairbanks campus is another factor contributing to increased cost. The greater number of professors and associate professors on the Fairbanks campus is due to the longer existence of the Fairbanks campus with faculty who have been on the job for a longer period of time as well as the tendency in the past to hire more experienced faculty.

- The difference in numbers of part-time faculty between campuses is also a significant contributor to cost differences. The Anchorage Community College is operating with approximately 20% part-time faculty and the Anchorage Senior College is operating with approximately 40% part-time. This is in contrast to approximately 5% part-time faculty at Fairbanks. Reasons for this is the great


number of qualified people in Anchorage available to teach as well as difficulty that has been experienced in trying to recruit full-time faculty. Part-time faculty are paid at approximately 40% the rate of full-time faculty. This thereby decreases the unit cost of instruction in Anchorage.

4. The amount of departmental research is also a factor that produces variation in instructional cost. Departmental research is seen as a means of stimulating creative and scholarly activities among faculty and thereby improving and maintaining their teaching competence. At this time, the Fairbanks campus has a heavier involvement in departmental research than the other segments of the University System. Again, this is probably a result of an older, more established faculty; this quality improvement factor will doubtlessly be instigated among the other faculties in a short time.

#### Library

The library development situation in Anchorage and Juneau is embryonic with Anchorage and Juneau having only a Community College library. The Anchorage Consortium Library is under development but will not be opened until March 1973. In contrast, the Fairbanks Library now has a collection of 318,000 volumes. It is probable that the Anchorage and Juneau Libraries will develop rather rapidly, and the percent to Library support will change significantly in the next few years.

UNIVERSITY OF ALASKA  
1971-72 Expenditures by Region  
Unit Expenditures by Student Credit Hour  
and Fulltime Equivalent Student  
(Actual Expenditures)

UNIVERSITY OF ALASKA  OFFICE OF PLANNING AND INSTITUTIONAL STUDIES  
Date issued 2-20-1973

REGION	ADMIN. & GENERAL (1)	PHYSICAL PLANT (2)	LIBRARY (3)	INSTRUCTION	REGIONAL TOTAL	CENTRAL GOVERNANCE (4)	TOTAL
<u>Northern</u> Expenditure	1,420,980	2,110,739	772,455	4,887,166	9,191,340	1,117,726	10,309,066
Per Credit Hr. (79,129)	17.96	26.67	9.76	61.76	116.16	14.12	130.28
Per FTE Student (2,826)	503	747	273	1,729	3,252	396	3,648
Percentage of \$ (9,191,340)	16	23	08	53	100		
<u>Southcentral</u> Expenditure	626,798	426,716	198,180	3,159,104	4,410,798	536,381	4,947,179
Per Credit Hr. (93,729)	6.69	4.55	2.11	33.70	47.06	5.76	53.09
Per FTE Student (2,854)	220	150	69	1,107	1,545	188	1,733
Percentage of \$ (4,410,798)	14	10	04	72	100		
<u>Southeastern</u> Expenditure	89,499	36,581	57,831	354,797	538,708	65,511	604,219
Per Credit Hr. (6,872)	13.02	5.32	8.42	51.63	78.39	9.53	87.92
Per FTE Student (278)	322	132	208	1,276	1,938	236	2,173
Percentage of \$ (538,708)	16	07	11	66	100		
<u>TOTAL EXPENDITURE</u>	2,137,277	2,574,036	1,028,466	8,401,067	14,140,846	1,719,618	15,860,464
Per Credit Hr. (179,730)	11.89	14.32	5.72	46.74	78.69	9.57	88.25
Per FTE Student (5,958)	359	432	173	1,410	2,373	289	2,662
Percentage of \$ (14,140,846)	15	18	07	60	100		

- (1) Includes Administration Expenditures for Region and Campuses with Community College Director offices allocated 50% to Instruction; does not include Central Governance Expenditures.
- (2) Includes 45% of Plant Expenditures on Fairbanks Campus determined by share of total NASF for Instruction and Institutional Support; excludes student housing and research institute space.
- (3) Includes 80% of Library Expenditures for Fairbanks Campus Instruction; excludes Expenditures for Public Service and Research Institutes.
- (4) Includes 80% of Central Governance Expenditures as the Portion for Instruction; this amount is allocated to each Region on the basis of share of the total instructional expenditures by Region.

**NOTE:** Expenditures are from Current General Fund Operating Accounts only (Restricted fund not included).  
Credit Hours and Student FTE's are from the U of A Statewide System Academic Credit Only Report.