

LEG. FINANCE - BILLS 1979 - 1980 1359

SB 425 cont., thru SB 426

1359

Sport	Number Athl.	Uniform & Equip. Costs	Jackets	Instate Transportation
Wrestling	11	Uniform	\$ 440.	2 Nore at 224.
		Shoes	440.	3 Homer at 65.
		Equipt	385.	2 Kenai at 45.
			1265.	2 S.E. at 220.
				206.
			5 overnite at 50.	\$ 448.00
				195.00
				90.00
				440.00
				416.00
				250.00
				1839.00

Sports	Number of Athletes	Uniform & Equipment Costs	Jackets	Instate Transportation for outlying contestants
15	296 (+ 10 Cultural)	\$61,390.00	\$5623.00	\$17,091.00

Athletic Equipment Costs	\$61,390.00
Athletes Jackets Costs	5,623.00
Extra Jackets	950.00
Staff Expenses	1,200.00
Total Athletic Equip. Costs BEFORE TRANSPORTATION-----	\$69,163.00
Transportation, Charter Costs (U.S.)	49,400.00
Transportation, Instate	14,291.00
Overnite	2,800.00
Total Transportation Costs (ESTIMATED)-----	\$66,490.00
Suggested State Share of Transportation Costs at 75% of \$66,490.00	= \$49,867.00
Suggested Athletes Share of Transportation at 25% of \$66,490.00	= \$16,622.00

Total Athletic Expenses (Equip. at \$69,163.00 + Transp. at \$16,622.00 = \$85,785.00

296 Athletes divided by \$16,622.00 = \$61.00 seat charge to attend games from any point in the State. This does not include the average equipment costs of \$ 234.00

296 Athletes divided by \$66,490.00 = \$225.00 seat charge or the approximate price to charge other persons who wish to ride the Charger, as members of the AWG's from Anchorage or Fairbanks.

Travel Payment Data

Charter Payment	18 Feb. 1980	\$49,400.00
Interstate Flight Payment	1 Mar. 1980	14,291.00
Overnite for Athletes (Anch. or Fbks)	18 Mar. 1980	2,800.00

This budget is for 75% of the estimated travel costs only and does not show the \$ 15,000.00 appropriated each year to fund the AWG Corporation.

Wien Alaska is considered the prime charter carrier with a final bid of \$49,400. Reeves Alutian & Great Northern did not return bids. Alaska Airlines was about \$10,000.00 higher than Wien Alaska.

1980 Arctic Winter Games

Yukon Territory

Irene J. Christensen,
Commissioner



The 1980 Arctic Winter Games represent the second opportunity for Yukon to host a large contingent of athletes and spectators. Our first hosting of the Games in 1972 was a great success. With the benefit of our previous experience, our aim this time must be for a better, more polished performance. Time is getting short - there is less than a year left in which to accomplish a great deal of work. We must all get involved, lending support to the large number of working committees that are being formed - there is an area in which each and every one of us can lend a helping hand, even if only in a small way.

Naturally, there are many rewards that can accrue from the hosting of a large event such as the Arctic Winter Games, but the greatest reward, surely, is the feeling, as hosts, that our guests will go home determined to return at some future date to experience more of the openness and friendliness of Yukon and Yukoners. But friendliness is not enough. Good hosts are relaxed, and relaxation comes from being prepared. And if we are to be prepared, we must get involved - NOW.

1980 Arctic Winter Games

Northwest Terr

John H. Parker,
Commissioner



It is again our pleasure to join our northern neighbours in friendly rivalry in the field of sport in the forthcoming Arctic Winter Games which are being held in Whitehorse, Yukon. I know the youth of the Northwest Territories look forward to the challenge because those selected to attend the games have been victorious at local, regional and territorial playdowns held in the Northwest Territories prior to assembling in Whitehorse.

This unique challenge has encouraged mass participation and fostered the expansion of sports and recreation in the remote communities of the Northwest Territories, thereby providing an attainable goal for those who would otherwise be isolated from such competition. I am confident that the representatives of the Northwest Territories will leave a lasting impression of good will and will be a credit to the communities they represent.

1980 Arctic Winter Games

State of Alaska

Jay S. Hammond
Governor



A contingent of approximately 300 Alaskan athletes will make their way to Whitehorse, Yukon Territory, in March of 1980 to participate in the Sixth Arctic Winter Games.

These young competitors were selected for excellence in their given sport during qualification trails throughout the State. The Alaskan team will be meeting in the spirit of fun and sportsmanship with their counterparts from the Yukon and Northwest Territories of Canada.

The Arctic Winter Games have continued to promote enthusiasm and unity among the people in the north and Alaskans are pleased and privileged to actively compete in this unique athletic and cultural exchange.

Games symbol



Three interlocking circles on a blue background form the Games symbol. They represent the uniting of the north through athletics and cultural exchange. Medals for the Arctic Winter Games take the form of an Eskimo ulu, a razor-sharp utility knife. The ulu awards, cast in gold, silver and bronze, are treasured by winning competitors as the highest award in northern athletics.



March 16 to 21
Whitehorse
Yukon
Canada

1980 Arctic Winter Games
Meet your host

For the second time since the inception of the Arctic Winter Games, Whitehorse is once again honored by hosting this great northern rendezvous of sports and culture with participants attending from all parts of the north — from Ketchikan to Cambridge Bay and from Beaver Creek to Baker Lake.

Whitehorse last hosted these games in 1972 and, although the face of the city may have changed somewhat over the past eight years, that warm and friendly northern attitude remains unchanged. Yukon's capital city is now home for about 17,000 residents who enjoy many of the comforts which go along with life in a cosmopolitan city. As Canada's largest city north of 60°, Whitehorse has a good variety of restaurants and shopping facilities offering visitors a wide choice from specialty shops to department stores or from fine European cuisine to fast food take-outs.

With the onslaught of the tens of thousands of gold seekers who stormed the Chilkoot Pass from Skagway, Alaska to the head of Bennett Lake between 1896 and 1898, came the construction of the White Pass & Yukon Route railway. With the driving of the last spike in June, 1900, an integrated overland and river transportation system was born. Goods and people were transported over the Coast mountains from Skagway to Whitehorse by rail where they continued on to Dawson City by sternwheeler down the Yukon River.

Dawson was the jewel of the Yukon, and claimed capital status until 1953 when the capital was transferred to Whitehorse just three years after it was officially incorporated as a city.

After the golden bubble of the Klondike Rush burst, Whitehorse remained as a small and relatively insignificant town. It stayed that way until 1942 when thousands of American and Canadian army personnel arrived to build the Alaska Highway. The boom ceased by the end of the war, but Whitehorse had become an important communications and transportation center — accessible by road, rail and air.

March 16 to 21
Whitehorse
Yukon
Canada



Funding Information:

General Fund: ~~\$1,376,200~~ 1,826,200
Other Funds: ~~-0-~~
~~\$1,376,200~~ 1,826,200

Introduced: 2/11/80

Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 425

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Education, Commission on Postsecondary
8 Education; and providing for an effective date."

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

10 * Section 1. The sum of ~~\$1,376,200~~^{1,826,200} is appropriated from the general
11 fund to the Department of Education, Commission on Postsecondary Education,
12 to provide funds for the student loan program.

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
14 10.070(c).

A M E N D M E N T

OFFERED IN THE SENATE:

By: Finance Committee

To: _____ SENATE BILL No. 425

HOUSE BILL No. _____

PAGE: 1

LINE: 10

Change "\$1,376,200" to \$1,826,200.

Change Funding Information to reflect new general fund amount and new total.

Handwritten calculation:
1375.163
275

1830.163

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

POUCH F - STATE OFFICE BUILDING
JUNEAU, ALASKA 99811
(907) 465-2855

MEMORANDUM

TO: The Honorable Glenn Hackney
Alaska State Senate

FROM: Kerry D. Romesburg, Executive Director
Alaska Commission on Postsecondary Education

SUBJECT: Student Loan Funds - Current Year

DATE: February 20, 1980

We have a supplemental budget request, SB 425, in for \$1.3762 million for current student loans. This is sufficient to fund all loans awarded through 1-24-80. We have not awarded any loans since that date. We have, however, been receiving loan applications. Presented below is our projected need to fully fund all requests for this year.

<u>appl. received</u>	<u>number</u>	<u>approp.</u>	<u>suppl.</u>	<u>need</u>
7-1-79 to 1-24-80	4,778	\$8,150,000	\$1,675,000	\$ 0
1-24-80 to 2-14-80	80	-	-	180,763
2-14-80 to 6-30-80 (proj)	220	-	-	275,000

In other words, if we wish to fully fund all loan applicants this year, including summer session, we would need about \$455,000 in addition to the present supplemental request.

1.375
455

1.830

ALASKA STUDENT LOAN PROGRAM

FACT SHEET

50 1/25

1. Total Loans 1971-72 through 1978-79:

Undergraduate	12,911	\$22,721,118
Graduate	<u>1,740</u>	<u>5,652,480</u>
Total	14,651	\$28,373,598

2. Current Year (1979-80) 4,600 loans \$ 9.52 million

3. Percent Loans In-State/Out-of-State (1971-78):

	<u>In-State</u>	<u>Out-of-State</u>
Undergraduate	39.0	61.0
Graduate	15.1	84.9

4. Loan collections (per month average):

1974-75	\$19,623
1975-76	\$38,794
1976-77	\$95,122
1977-78	\$99,321
1978-79	\$115,970
1979-80 (est)	\$124,807

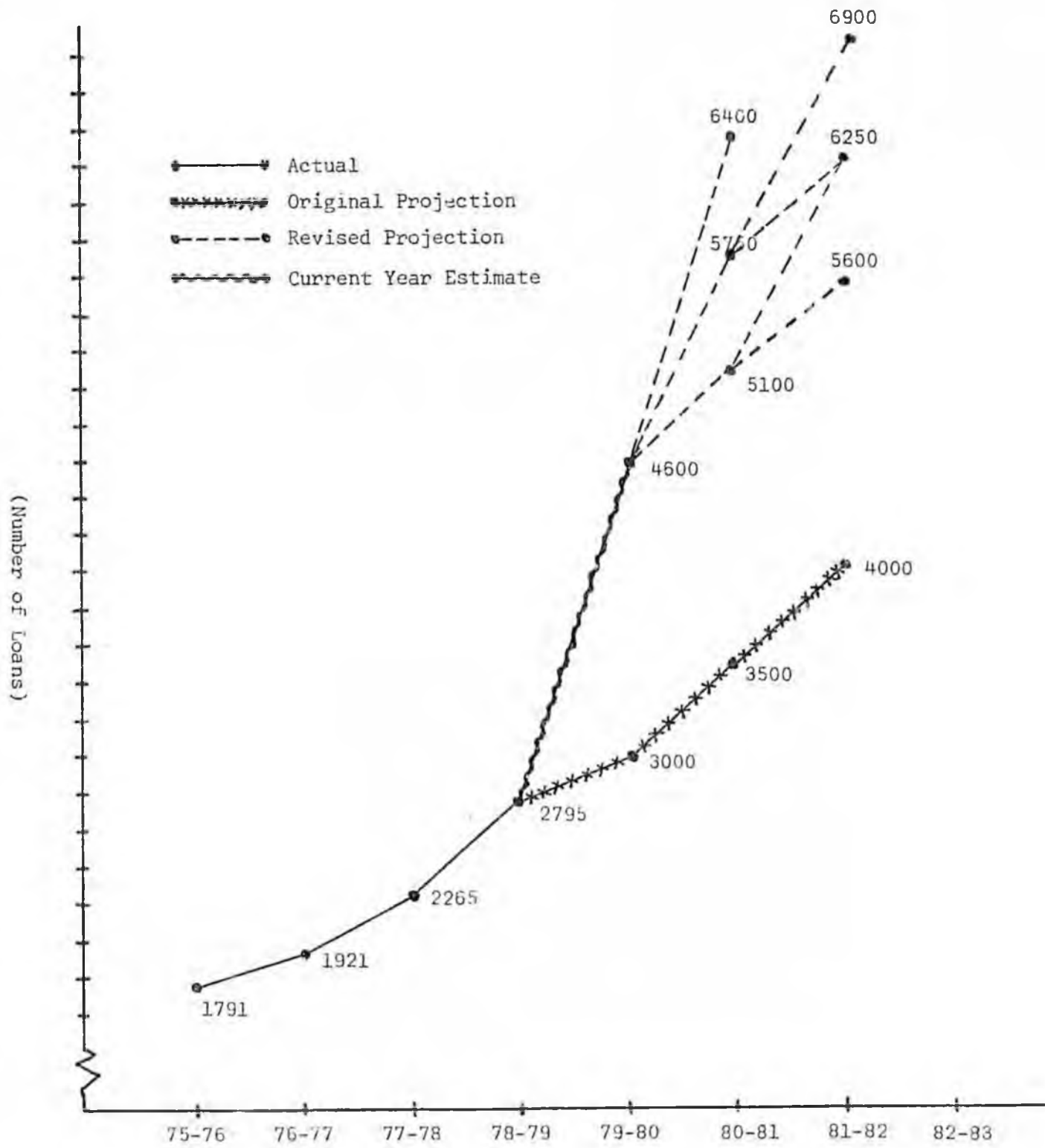
5. Loan Cancellations (forgiveness) (per month average):

1974-75	\$ 59
1975-76	\$3,686
1976-77	\$5,396
1977-78	\$26,192
1978-79	\$37,165
1979-80 (est)	\$33,654

6. Past Due and Default Loans

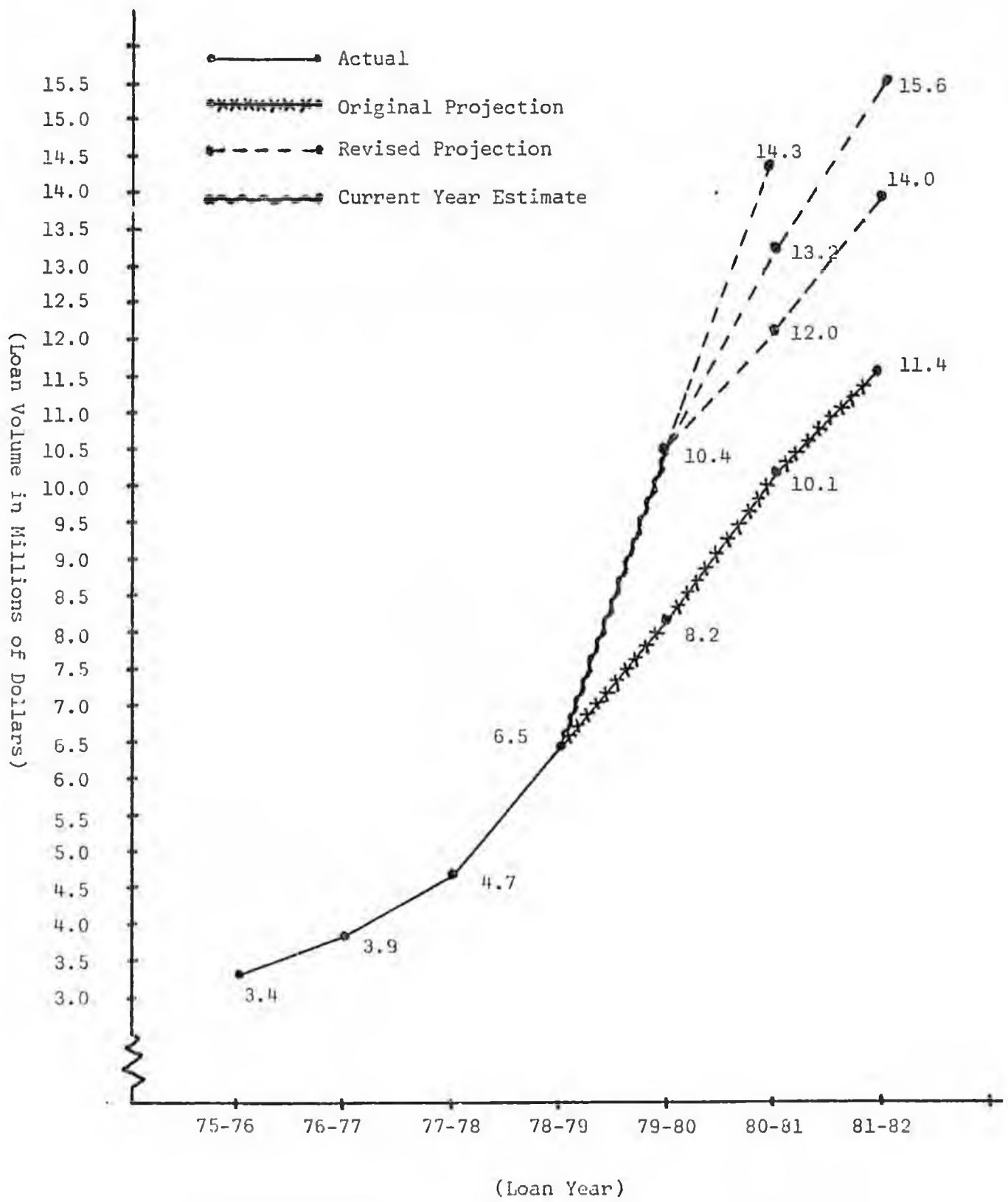
Past Due	November		December		January		February	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
31-60 days	46	\$ 1,193	34	\$ 369	89	\$ 3,760	131	\$ 4,625
61-90	53	1,657	46	1,545	98	8,659	57	4,784
91-120	42	1,727	35	1,544	94	9,168	81	11,022
120 +	590	108,819	495	92,043	388	99,692	383	100,657
Total	731	\$113,396	610	\$95,501	669	\$121,279	652	\$121,088
Default Rate*	18.7%		15.7%		12.3%		12.1%	

* Default Rate = $\frac{\text{No. of Loans 120 + Past Due}}{\text{No. of Loans in Active Repayment}}$



ALASKA STUDENT LOAN VOLUMES

(1975-76 thru 1981-82)



ALASKA STUDENT LOAN VOLUMES
(1975-76 thru 1981-82)

February 11, 1980

The Honorable Clem Tillion
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making a supplemental appropriation to the Department of Education, Commission on Postsecondary Education, to provide additional funds for the student loan program and to provide additional staff in May and June of 1980 for processing loan awards which have been committed.

Sincerely,

Jay S. Hammond
Governor

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

455
JAY S. HAMMOND, GOVERNOR

POUCH F - STATE OFFICE BUILDING
JUNEAU, ALASKA 99811
(907) 465-2855

MEMORANDUM

TO: Frank Spargo, Budget Analyst
Division of Budget and Management

FROM: Kerry D. Romesburg, Executive Director
Alaska Commission on Postsecondary Education

DATE: February 1, 1980

Three questions have been raised in conjunction with the current need for a supplemental for the Alaska Student Loan Program. Each is addressed below:

1. What are the exact (as best can be estimated) number and dollars involved in the program for this year?

Response

The total number of loan awards as of 1-31-80 was 4,788. There will be no further awards made beyond this total unless cancellations occur in unpredicted numbers or additional funds (beyond the request) are received.

This total now includes those loan awards which were deleted from our system in mid-December due to a system problem.

The total funds currently obligated (as of 2-1-80) are \$9,917,143. ✓
This also includes the accounts re-instated.

Based upon the current loan cancellation rate, which is only 5.06%, we will have a total of 4,546 active loan awards by fiscal year end. If this holds, we will need a total of \$9,520,457 for loans (based upon a 4.00% cancellation - since dollar amounts are lower than loan accounts).

1979-80 project need	\$9,520,457
1979-80 appropriation	8,150,000 ✓
Supplemental need	\$1,370,457

Hence our supplemental need is for \$1.37 million.

2. How did the need for the supplemental arise? What is to prevent this from happening again?

Response

Each year, we plan for approximately a \$1 million over award. This means for a \$8.15 million appropriation, we will award approximately \$9.15 million in awards. Historically, we have experienced a cancellation rate of 13% on total number of loans and of 15% on total funds

Mr. Frank Spargo

February 1, 1980

Page 2

required. That is, we may award 5,000 loans, but realistically, only 4,100 students will actually use their loans. Students fail to attend, or drop out, for a variety of reasons, but the result is a built-in savings on the original loans awarded.

This year the cancellation rate is only 5.06%. We can only guess as to why this reduced rate has occurred, but according to most sources, the students are staying in school because there are so few job opportunities available. In other words, it is a reflection of the economy.

In any case, this has resulted in a direct over-expenditure of \$896,500 simply because we planned for a greater cancellation rate than that which occurred.

However, we are in need of \$1.37 million. This leaves an over expenditure of \$473,500 which needs explanation. For the current year, our "red-line" was \$9.15 million. We now know this was too high, but that was what we administratively established based upon our seven-year history. In mid-December, we found out that accounts were being deleted from our loan system data base. We have now found the problem and have established procedures to assure that it will not be repeated. There were 348 student award accounts deleted and until February 1, 1980, these accounts had not been restored. With these accounts missing, our total loan encumbrance was grossly understated, and our awards division thought they had more funds available than was the case. By the time we reached our "red-line" of \$9.15 million, we were in actuality, well over that limit. As the accounts were restored, the total continued to grow. Unfortunately, as we were restoring the accounts, we continued to make new awards. We found out rather abruptly, that we had not only reached our "red-line" limit, but we were in immediate need to halt all further awards and seek a supplemental to our existing budget.

We will not establish such a high over-award limit in the future. In fact, since we have missed so badly this year, in our future loan cycles we will not over-award beyond the current 5% rate. In terms of the account deletion problem, this simply should not occur again. We now have safe-guards in place to assure that the file security will remain intact.

3. How much is needed to fund temporary employees for the months of May and June?

Response

We hire award clerks at range 9-A. Currently we estimate needing two temporary clerks for those months. The cost for these clerks would be \$6,000. If the Legislature raises the salaries of exempt employees, the cost will go up accordingly.

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

JAN 30 REC'D
BHM

JAY S. HAMMOND, GOVERNOR

POUCH F - STATE OFFICE BUILDING
JUNEAU, ALASKA 99811
(907) 465-2855

M E M O R A N D U M

TO: Ron Lehr, Director
Division of Budget and Management

FROM: Paul Gulyas, Assistant Director *PG*
Commission on Postsecondary Education

SUBJECT: Student Loan Program Funds; Request for Supplemental

DATE: January 29, 1980

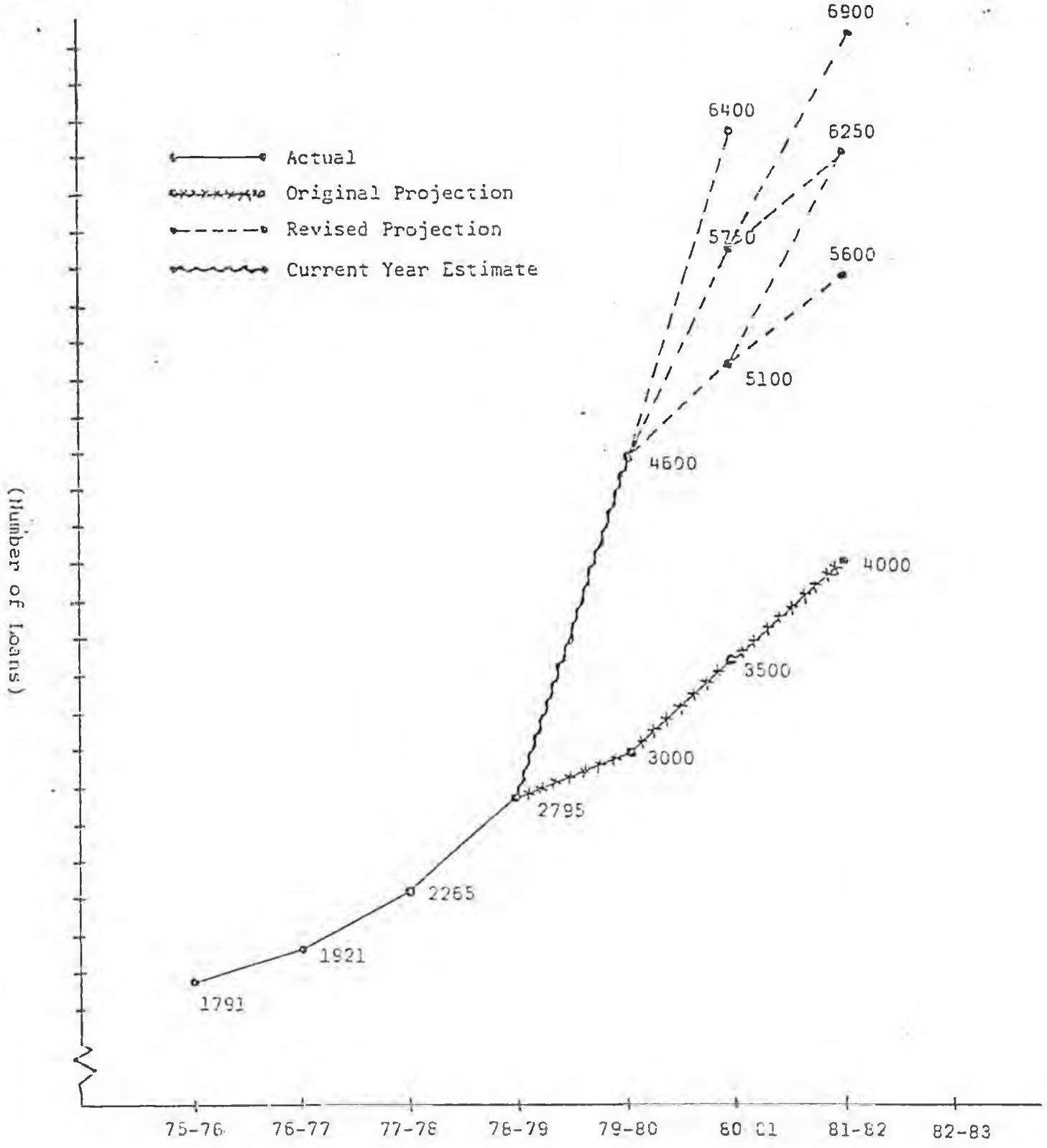
One and one-half years ago when we were in the process of putting together projections to illustrate the demand on the student loan program funds our best guess was in the 3100-3200 student range with an average loan of nearly \$2,500. As we actually moved into the FY 80 we began to receive indications that our demand estimates would be low. We decided to wait however until January before we would actually give up on our earlier projections because we knew from years of past experience that a very high proportion of students drop out of school after the first semester or first quarter and thus, free-up loan funds for availability during the Spring semester. This has not happened this year either.

We now know that our earlier projections based on both trend lines and our knowledge of what was happening in higher education enrollments across the nation missed the mark by a mile!

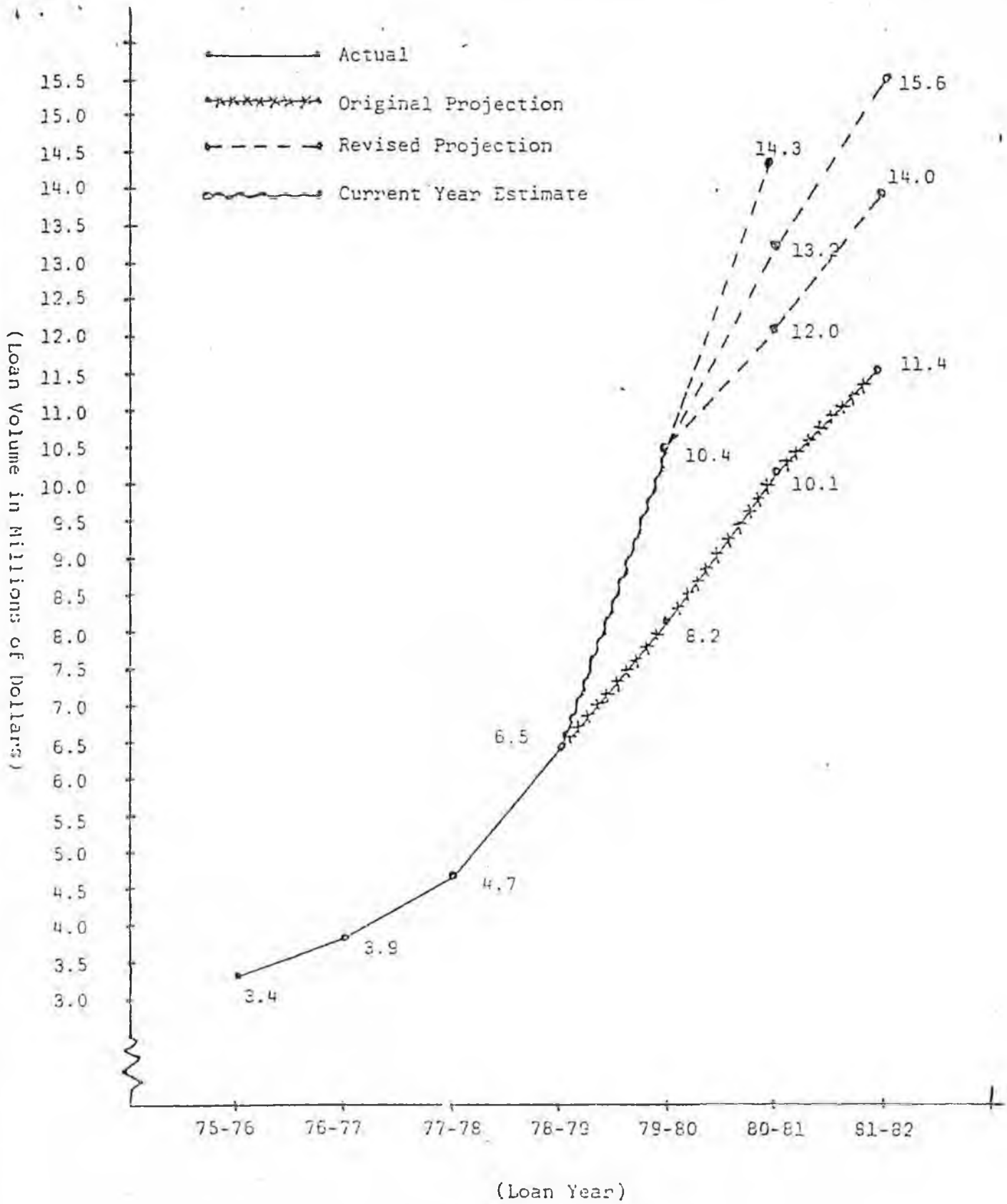
Based on our assessment of the current demand on the loan program as of 24 January, the number of loans is approaching 4800 (instead of the 3000 projected) and the amount is approaching \$10,000.0 (instead of the \$8,150.0 projected).

Therefore, in order to support the known demand for loan funds for the remainder of FY 80 we are submitting this request for a supplemental in the amount of \$2,000.0.

Your cooperation and understanding in this request is solicited.



ALASKA STUDENT LOAN VOLUMES - Net
 (1975-76 thru 1981-82)



ALASKA STUDENT LOAN VOLUMES
(1975-76 thru 1981-82)

ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 318

Title Special Appropriation to Student Loan Revolving Fund

Requested by House HESS

Date 2/1/80

II. FISCAL DETAIL

Agency Affected Education

Program Category Affected Commission on Postsecondary Education

BRU, Program, or Subprogram(s) Affected Alaska Student Loan Program

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			10,100.0			
TOTAL			10,100.0	N.A.	N.A.	N.A.

FUNDING (Thousands of Dollars)

GENERAL FUND			7,594.0	-	-	-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Program Receipts			2,506.0	-	-	-

POSITIONS

FULL TIME						
PART TIME				N.A.	N.A.	N.A.
TEMPORARY						

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

This funding would allow loan processing to begin early in the Spring thereby distributing the workload over a larger number of months. This would accomplish two objectives:

- Loans would be processed more timely and students will receive money on time.
- Staff need for 4.0 temporary employees for peak periods would be reduced to 2.0.

IV. DATE 2/1/80

PREPARED BY Kerry D. Romeshung

AGENCY Commission on Postsecondary Education

Original: Legislative Finance

PHONE 465-2854

cc: Budget and Management

Prime Sponsor (First Legislator Named)



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

3/23/90
Date

Funding Information:
 General Fund: \$1,769,700
 Other Funds: -0-
 \$1,769,700

Introduced: 2/11/80
 Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
 REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 426

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations 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 \$606,000 is appropriated from the general fund
 11 to the University of Alaska, to fund FY 79 deficits, to be allocated as
 12 follows:

13	University of Alaska --	
14	Anchorage, instruction	\$ 4,200
15	Community College --	
16	Statewide administration	300
17	Anchorage Community College --	
18	instruction	499,200
19	Kenai Community College --	
20	instruction	9,500
21	Kenai Community College --	
22	support	50,200
23	Kodiak Community College --	
24	support	11,600
25	Mat-Su Community College --	
26	support	6,100
27	Tanana Valley Community	
28	College -- instruction	24,900

29 * Sec. 2. The sum of \$445,600 is appropriated from the general fund to

COMMITTEE COPY

1 the University of Alaska, to pay increased utility and fuel costs in the
2 university physical plant.

3 * Sec. 3. The sum of \$101,900 is appropriated from the general fund to
4 the University of Alaska, for repair of sewer line at the Fairbanks Agricul-
5 ture Experiment Station.

6 * Sec. 4. The sum of \$350,000 is appropriated from the general fund to
7 the University of Alaska, Anchorage Community College, to replace a short-
8 fall in student fees.

9 * Sec. 5. The sum of \$100,000 is appropriated from the general fund to
10 the University of Alaska, Kodiak Community College, for library expansion.

11 * Sec. 6. The sum of \$166,200 is appropriated from the general fund to
12 the University of Alaska, to fund FY 79 costs-of-living adjustment increases
13 for community college teachers.

14 * Sec. 7. The appropriation made in sec. 5 of this Act is for a capital
15 project and is subject to AS 37.25.020.

16 * Sec. 8. This Act takes effect immediately in accordance with AS 01.-
17 10.070(c).

February 11, 1980

The Honorable Clem Tillion
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making supplemental appropriations to the University of Alaska for (1) deficits in various components that occurred during Fiscal Year 1979, (2) paying higher than anticipated utility and fuel costs in the university physical plant, (3) replacing a broken sewer line at the Fairbanks Agriculture Experiment Station, (4) replacing a shortfall resulting from an over-projection of student fee revenues, (5) library expansion at Kodiak, and (6) a Fiscal Year 1979 cost-of-living adjustment for community college teachers.

Sincerely,

Jay S. Hammond
Governor



University of Alaska
Statewide System of Higher Education
Fairbanks, Alaska 99701

BVM
FEB 4 REC'D 426

January 30, 1980

Frank

Mr. William R. Hudson
Commissioner of Administration
State of Alaska
Department of Administration
Pouch C
Juneau, Alaska 99811

Dear Mr. Hudson:

During FY 79, the University of Alaska underspent specific appropriations by \$2,532,572.46, and overspent other appropriations by \$605,971.83. On November 20, 1979 the university remitted \$1,926,600.63 which represented the net amount of underspent and overspent appropriations. On the advice of Ron Lehr, Director, Division of Budget and Management, the university is now submitting \$605,971.83 for the balance of the underspent appropriations.

Since this payment was not anticipated in our cash flow projections, the university will require a loan in this amount. The appropriate paperwork for this loan will be submitted to you later this week.

If you have any questions, please contact us at your convenience.

Sincerely,

Sherman Carter
Vice President for Finance

SFC/pb

Attachment

cc: Ron Lehr ✓

P.O. NO.	P/F	DESCRIPTION	ACCOUNT	DISTRIBUTION	INVOICE NO. OR DATE	INVOICE AMOUNT
		State of Alaska, Dept. of Administration	020-0200-000		1-30-80	605,971.83
		Repayment of balance of	Lansing for FY 79.			
					TOTAL NET PAYMENT	\$ 605,971.83

UNIVERSITY OF ALASKA-FAIRBANKS

38168

WHEN COUNTERSIGNED BY THE TREASURER PAYABLE AT ALASKA NATIONAL BANK OF THE NORTH

UNIVERSITY OF ALASKA

FAIRBANKS, ALASKA 99701

89 50
1252

FISCAL YEAR 80 No. B 38168

PAY:

DATE ISSUED			AMOUNT
MO	DAY	YEAR	
01	30	80	\$ 605,971.83

VOID AFTER 180 DAYS

COPY NOT NEGOTIABLE

TO THE ORDER OF

State of Alaska
Dept. of Admin.
Pouch "C"
Juneau, AK. 99911

7392 Patti

1/3/80

Ron,

Per our conversation, I informed U of A that we can not approve the requested transfer. I asked if they would like us to recommend a supplemental for \$606.0, OK with UA.

I recommend that the Governor request a supplemental appropriation of \$606.0 for UA for covering FY79 deficits in specific appropriation.

Reasons:

- Overall, the UA has \$2,533.0 of lapse funds from various appropriations, and deficits of \$606.0, for a net lapse to the state of \$1,927.0 in FY79.
- In FY79, U of A had 36 appropriations, (basically 2 per campus) which represented severe constraints for operations. Simply too many appropriations, and some deficits were bound to occur as a result of high fixed costs in some appropriations.
- The UA is still trying to manage a \$4 million deficit from previous administrations. By forcing the lapses by appropriations when they occur, we should be

supplemental appropriations for deficit appropriations until such time as the current UA administration brings the entire fiscal operation under control. This will probably take another year or so for all the new fiscal procedures at UA to have an effect.

Forcing an additional deficit burden on UA at a time when their working capital is severely depleted will only aggravate the situation further.

Please advise if you approve.

Frank

26 SYBUDGET
1 JGBUDGET

P
1 JGBUDGET 01/15/80 7:41:03 *

I ASHOK,
WITH RESPECT TO THE REQUEST FOR FY79 APPROPRIATION TRANSFERS...

WE HAVE A STANDARD STATE POLICY OF NOT SUBMITTING OR APPROVING
TRANSFERS FOR PRIOR YEAR OPERATING BUDGETS. WHEN WE TALKED ABOUT THIS
SUBJECT EARLIER, I THOUGHT WE WERE TALKING ABOUT CURRENT YEAR TRANSFERS.
AND WE WOULD SUBMIT NET ZERO SUPPLEMENTALS FOR CURRENT YEARS, BUT NEVER
FOR PRIOR YEARS.

THEREFORE, PER CONVERSATIONS WITH DR. CARTER, WE WILL SUBMIT THE REQUEST
FOR A SUPPLEMENTAL FOR FY79. AMOUNT APPROX. 606.0.

- . IF WE SUBMIT THE SUPPLEMENTAL FOR 606.0, WE EXPECT A PAYMENT TO THE
STATE FOR THE TOTAL AMOUNT OF THE FY79 LAPSE. ALL LAPSES SHOULD BE
CALCULATED BASED ON EACH APPROPRIATION...IT IS INAPPROPRIATE TO AGGREGATE
THE ENTIRE UNIVERSITY FOR PURPOSES OF CALCULATING THE LAPSE.
- . WE NEED A DETAILED BREAKDOWN BY COMPONENT OF THE DEFICITS, SURPLUSES,
WITH AS MUCH DETAIL ABOUT THE REASONS FOR THE DEFICITS. WE DO NOT NEED
SURPLUSES IN THOSE APPROPRIATIONS WHERE NO DEFICITS OCCURRED.
- . UPON RECEIPT OF THE ABOVE EXPLANATIONS FOR DEFICITS, I WILL SUBMIT A
REQUEST FOR A SUPPLEMENTAL FOR THE GROSS AMOUNT OF THE
DEFICITS, ASSURING THE EXPLANATIONS ARE REASONABLE, TO THE UFG FOR
APPROVAL. NO GUARANTEES.
- . WHERE DEFICITS WERE THE RESULT OF CONTROLLABLE CIRCUMSTANCES, I WILL WANT
TO KNOW WHAT ACTIONS HAVE BEEN TAKEN TO PREVENT REOCCURRENCE. THE UFG
HAS REQUESTED THIS INFORMATION IN THE PAST.

FROM:

UFG

SECRET

P DISCONNECTS



UNIVERSITY OF ALASKA
Statewide System of Higher Education
Fairbanks, Alaska 99701

December 28, 1979

Mr. Ron Lehr, Director
Division of Budget & Management
Office of the Governor
State of Alaska
Pouch AM
Juneau, Ak 99811

ATTENTION: Frank Spargo

RE: Request for FY79 Appropriation Transfers

This constitutes a request by the University of Alaska that you please prepare and submit legislation to offset certain over-expenditures made in specific university appropriations in FY79 against other appropriations last year which were underspent. From previous discussions, my impression is that this request by the university should be submitted through you and in this way.

The fact that the University of Alaska would ask the governor and legislature to approve, retroactively, such transfers between appropriations was indicated in the university's audited financial statements for last fiscal year, copies of which were sent to all legislators and to state officials.

Attachment #1 is a report which I wrote to transmit the aforementioned financial statements.

Attachment #2 is a more specific enumeration of university appropriations for FY79 indicating specifically where deficits and lapsing occurred.

Attachment #3 is a detailed explanation of the reasons for each deficit.

Attachment #4 is a copy of a letter transmitting a University of Alaska check for \$1,926,600.63 to the state. That amount constituted the exact net amount of the lapse, computed on the basis that the request made in this letter to offset specific overexpenditures against underexpenditures would be approved.

Please be assured that the central administration of the University of Alaska is doing everything humanly possible to preclude the possibility of further overexpenditures of appropriations.

UNIVERSITY OF ALASKA

Mr. Ron Lehr, Director

Page 2

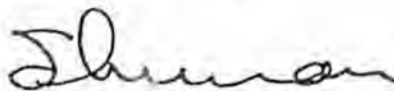
December 28, 1979

As indicated in Attachment #1, (a) completion of the new accounting system now being developed will assist the university gain more prompt and effective financial control, and (b) the state could help the university improve efficiency, reduce administration and preclude deficits by reducing the number of appropriations to the university--none of the deficits would have occurred in FY79 if the university had received only six, rather than thirty-five separate appropriations.

Your help in securing approval of the request made above will be greatly appreciated. If more information is needed, or if the university should make the request to the state which it is now submitting through you to someone else or in some other way, or if any further action by the university is now indicated with respect to this matter, please let me know. Otherwise, if these papers are adequate to permit you to request legislation to offset overexpenditures against underexpenditures as requested above, please confirm that fact by sending me a message.

Because I have discussed these matters with the following-listed persons, and because of their interest, I shall send information copies of these papers to them. Thanks again for the help which the university receives from you and your office.

Sincerely,



Sherman Carter
Vice President for Finance

SFC:nba

cc: Representatives Meekins, Rogers, Montgomery and Duncan
Members of the Board of Regents
President Jay Barton
Mr. Jerry Reinwand
Mr. Bill Mullin
Mr. Dave Scott



UNIVERSITY OF ALASKA
Statewide System of Higher Education
Fairbanks, Alaska 99701

October 1, 1979

REPORT TO THE UNIVERSITY PRESIDENT AND BOARD OF REGENTS

FROM: Sherman Carter, Vice President for Finance

Sherman

This is the earliest date that the annual audit has been completed. The early completion was made possible because the university's financial accounting procedures and records have been improved. Another indication of such improvements is the reduction made in the amount of outstanding accounts receivable. Current funds accounts receivable on June 30, 1979 were \$10,173,000; \$2,522,000, or 19.9 percent below the previous year. Since revenues increased, the reduction in accounts receivable was the result of increased efficiency in making collections.

Special efforts were made in FY79 to develop a modern, automated accounting system. Prototypes were developed for the general ledger system as were detailed specifications for the cash receipts/accounts receivable and purchasing/accounts payable subsystems. The modules will be combined with the existing payroll and budget subsystems. New systems are scheduled to be in operation by January 1, 1981. These systems are being designed to conform with generally accepted accounting principles for colleges and universities and to make it possible for the university to comply with requirements established by the state.

During this reporting period the state of Alaska provided 57.9 percent of the university's current fund revenues. Sponsored programs during FY79 brought in 25.2 percent of such revenues, and remaining revenues came primarily from student fees, indirect cost recovery and operations of auxiliary enterprises. The state legislature appropriates all money coming to the university, regardless of source. In FY79, the legislature appropriated money to the University of Alaska in thirty-five appropriations, each of which must be accounted for separately and which may only be used for specific things. If the university underspends any appropriation, the amount lapses to the state. If any appropriation gets overspent because of such reasons as unanticipated shortfalls in nonstate revenues, a deficit results.

For FY79, the university underspent specific appropriations by \$2,533,000 and overspent other appropriations by \$606,000. Overexpenditures resulted partially from the fact that Anchorage Community College had a shortfall in anticipated revenue from student fee collections. The college did not reduce its level of expenditures promptly and one of its appropriations was overspent by \$499,000. Other principal overexpenditures were: Kenai Peninsula Community College, \$59,700; Tanana Valley Community College, \$24,900; Kodiak Community College, \$11,600; and Matanuska-Susitna Community College, \$6,100.

REPORT TO THE UNIVERSITY PRESIDENT AND BOARD OF REGENTS

Page 2

October 1, 1979

The university is asking the governor and the legislature to approve appropriation transfers to cover the overexpenditures from the money scheduled to lapse. None of these overexpenditures would have occurred if the university had received only one appropriation for the community college system and one appropriation for each of its other five major administrative units. Such a reduction in numbers of appropriations to the university would also simplify, reduce and make more efficient, financial administration of the university.

On June 30, 1978 the university had unspent appropriations totalling \$4,886,734. A supplemental appropriation to the university which would have permitted the university to retain this money from FY78, to eliminate the university's deficit incurred in 1977 and to provide working capital for the university was proposed by the governor, by House Bill No. 74 and Senate Bill No. 80. However, in 1979 the legislature did not pass a supplemental appropriation to permit the university to retain this money as was expected. In order to publish financial statements for FY78 with a positive fund balance, i.e. more assets than liabilities, the statements were prepared based upon the assumption that the legislature would allow the university to retain money it saved in FY78 to cover overexpenditures it made in FY77. Since this did not occur, the June 30, 1978 financial statements have now been retroactively restated to reflect the \$4,886,734 liability to the state. The effect of this restatement is to reduce the unallocated unrestricted current fund balance for FY78 by that amount from that shown in previous financial statements.

The June 30, 1979 unallocated unrestricted deficit of the university totals \$4,241,000 -- the University of Alaska has this much more current liabilities than current assets and is only able to operate by borrowing from the state. Borrowing against its accounts receivable, the university will owe the state \$4 million at the end of this calendar year. Under existing laws, the university's deficit can never be eliminated. If the university saves any money or earns additional money it lapses, while if the university must incur unexpected costs or has unexpected shortfalls in nonstate revenue, such things may increase the university's deficit and the university's need to borrow from the state.

The auditors were unable to give an opinion on the accuracy of the university's stated investment in plant and equipment, because the university does not have adequate, detailed supporting records to substantiate all such costs. Although this exception is not unusual with universities and governmental entities, the university is working to eliminate this deficiency. However, developing detailed supporting records to show accurate costs of university property will be an expensive, time-consuming process. With the time and effort that can be devoted to this task, in view of other improvements now being made in the university's financial administration which have higher priority, accurate costs of university property will not be shown in the financial statements for about another two years.

SFC:lei

UNIVERSITY OF ALASKA
CALCULATION OF LAPSE OF STATE APPROPRIATION
JUNE 30, 1979

	Total Current Year	
	Deficit	Lapse
Board of Regents		\$ 120,800.00
Statewide		127,500.00
Organized Research		21,100.00
University of AK - Fbks - Instruction		39,800.00
University of AK - Fbks - Support		957,700.00
University of AK - Fbks - Student Loan		15,300.00
University of AK - Anc - Instruction	\$ 4,200.00	800.00 - 78
University of AK - Anc - Support		301,000.00
University of AK - Juneau - Instruction		13,800.00
University of AK - Juneau - Support		6,100.00
Juneau-Douglas Comm. College - Instruction		4,700.00
Juneau-Douglas Comm. College - Support		400.00
CoOperative Ext., Rural ed, Chukchi & Prince WM Sound Comm. College - Instruction		109,700.00
CoOperative Ext., Rural ed, Chukchi & Prince WM Sound Comm. College - Support		84,600.00
Community College statewide admin & contract	300.00	900.00
Anchorage Comm. College - Instruction	499,200.00	2,400.00
Anchorage Comm. College - Support		226,300.00
Kenai Comm. College - Instruction	9,500.00	400.00
Kenai Comm. College - Support	50,200.00	3,400.00
Ketchikan Comm. College - Instruction		82,400.00
Ketchikan Comm. College - Support		1,200.00
Kodiak Comm. College - Instruction		50,400.00
Kodiak Comm. College - Support	11,600.00	3,600.00
Kuskokwim Comm. College - Instruction		72,800.00
Kuskokwim Comm. College - Support		146,700.00
Mat-Su Comm. College - Instruction		7,700.00
Mat-Su Comm. College - Support	6,100.00	5,400.00
Northwest Comm. College - Instruction		400.00
Northwest Comm. College - Support		13,500.00
Sitka Comm. College - Instruction		4,300.00
Sitka Comm. College - Support		2,300.00
Tanana Valley Comm. College - Instruction	24,900.00	300.00
Tanana Valley Comm. College - Support		104,900.00
	606,000.00	2,532,600.00

EXPLANATION OF DEFICITS

University of Alaska-Anchorage-Instruction

UAA had a shortfall in fee revenue of \$13,300 which was partially offset by receipt of monies in excess of budget for overhead recovery and sales and miscellaneous categories. The net shortfall in revenue for UAA was \$7,900.

UAA had a lower expenditure level than the amount that was budgeted. Expenditures were \$3,700 below the amount budgeted, which partially offset the effect of the shortfall in revenue. The revenue shortfall of \$7,900 which was mitigated by the reduced expenditures of \$3,700 resulted in a deficit for FY 79 of \$4,200.

UAA Instruction also lapsed \$800 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. The lapse represents the amount of purchase orders which were completed at a lower amount than originally anticipated as the cost.

Community College Statewide Administration & Contract

This appropriation had expenditures in excess of budget of \$300. The overexpended position became apparent when some corrections were made at the end of the fiscal year in the recording of expenditures relating to the community college contract. This appropriation also lapsed \$100 of revenue received in excess of the FY 79 budget.

CC Administration and Contract also lapsed \$800.00 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. The lapse represents the amount of purchase orders which were completed at a lower amount than was originally anticipated as the cost.

Anchorage Community College-Instruction

ACC had a shortfall in fee revenue of \$265,000. This amount was made up of \$115,000 in resident and non-resident tuition, \$114,000 in non credit course fees, \$55,000 in instruction lab, material and services fees, and extra revenue over budget in military programs of \$19,000.

ACC had overexpenditures in FY 79 of \$234,200. Included in this amount were overexpenditures for labor of \$294,200. Other expenditure areas were underspent in a total of \$60,000, resulting in a net overexpenditure of \$234,200. This overexpenditure combined with the shortfall in revenue resulted in a total deficit of \$499,200.

ACC also lapsed \$2,400 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. The lapse represents the amount of purchase orders which were completed at a lower amount than was originally anticipated as the cost.

Kenai Community College-Instruction

This appropriation had expenditures in excess of budget of \$9,500. Included in this amount were overexpenditures for labor of \$13,900 and underexpenditures in other object codes of \$4,400, resulting in a overexpended total of \$9,500.

This appropriation had revenues in excess of budget of \$300 in FY 79 which lapsed back to the State. Kenai also lapsed \$100 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. That lapse represents the amount of purchase orders which were completed at a lower amount than was originally anticipated as the cost.

Kenai Community College-Support

This appropriation had expenditures in excess of budget of \$50,200. Included in this amount were overexpenditures for labor of \$31,300, overexpenditure due to a provision for uncollectible grants and contracts of \$36,500, and underexpenditures in other object codes of \$17,600, resulting in the overexpended total of \$50,200.

Kenai-Support also lapsed \$3,400 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. The lapse represents the amount of purchase orders which were completed at a lower amount than was originally anticipated as the cost.

Kodiak Community College-Support

Kodiak had expenditures in excess of budget of \$11,600. Included in this amount were underexpenditures for labor of \$35,700 and for other object codes of \$100. There were expenditures which were not budgeted due to the write off of uncollectible receivables of \$47,400. The underexpenditures of \$35,800 combined with the overexpenditures of \$47,400 resulted in the overexpended total of \$11,600.

Kodiak Support also lapsed \$3,600 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. The lapse represents the amount of purchase orders which were completed at a lower amount than was originally anticipated as the cost.

Matanuska-Susitna Community College-Support

Matanuska-Susitna had a shortfall in revenue of \$8,100. Shortfall in Eagle River fees of \$5,400 together with a shortfall of \$3,000 in overhead recovery and extra money in other areas of \$300 resulted in the total revenue shortfall of \$8,100.

This appropriation also had expenditures which were lower than the amount budgeted. There was an overexpenditure in salaries of \$7,000 and an underuse of other object codes of \$9,000 resulting in a net underuse of expenditure budget of \$2,000. This underuse, combined with the shortfall in revenue, resulted in the deficit of \$6,100.

Matanuska-Susitna Community College-Support, continued

Matanuska-Susitna also lapsed \$5,400 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. The lapse represents the amount of purchase orders which were completed at a lower amount than was originally anticipated as the cost.

Tanana Valley Community College-Instruction

Tanana Valley Community College had a shortfall in revenue of \$24,300. A shortfall in fees made up \$15,400 of this amount, and shortfalls of \$7,200 in sales and miscellaneous categories and \$1,700 in food service receipts made up the total shortfall.

Tanana Valley also had expenditures in excess of the amount budgeted by \$600. This overexpenditure when combined with the revenue shortfall of \$24,300 combined to form the total deficit of \$24,900.

TVCC also lapsed \$300 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. The lapse represents the amount of purchase orders which were completed at a lower amount than was originally anticipated as the cost.



UNIVERSITY OF ALASKA
Statewide System of Higher Education
Fairbanks, Alaska 99701

November 20, 1979

Mr. William R. Hudson
Commissioner of Administration
State of Alaska
Department of Administration
Pouch C
Juneau, Alaska 99811

Dear Mr. Hudson:

During FY 79, the University of Alaska underspent specific appropriations by \$2,532,572.46, and overspent other appropriations by \$605,971.83. The university plans to ask the governor and the legislature to approve appropriation transfers to cover the overexpenditures from the money scheduled to lapse. In view of this, we have attached our check in the amount of \$1,926,600.63 for the net amount of underspent and overspent appropriations.

If you have any questions please contact us at your earliest convenience.

Sincerely,

Sherman Carter
Vice President for Finance

SFC/pb

Attachment

EIN 92-6000147 UA FORM

No. B 35853

P.O. NO.	P/F	DESCRIPTION	ACCOUNT	DISTRIBUTION	ISSUE NO. OR DATE	INVOICE AMOUNT
		State of Alaska	020-0200-000		11-20-79	1,926,600.63
Net from over & under expenditures for FY 79 - lapse to State.						

UNIVERSITY OF ALASKA-FAIRBANKS 35853

TOTAL NET PAYMENT	\$ 1,926,600.63
-------------------	-----------------

WHEN COUNTERSIGNED BY THE TREASURER PAYABLE AT ALASKA NATIONAL BANK OF THE NORTH

UNIVERSITY OF ALASKA
FAIRBANKS, ALASKA 99701

FISCAL YEAR 80 No. B 35853

89-50
1252

PAY UNIV OF ALASKA 192660006303

DATE ISSUED			AMOUNT
MO	DAY	YEAR	
11	20	79	\$ 1,926,600.63

VOID AFTER 180 DAYS

TO THE ORDER OF State of Alaska
Dept. of Admin.
Pouch "C"
Juneau, AK. 99811.

*Stanley
H. ...*

⑈0035853⑈ ⑆125200507⑆06⑈ 11 108⑈ 4⑈

Utilities & Fuel Costs

S 14-5

Comments:

Funding for the University of Alaska for FY80 approved by the legislature did not provide for any inflation for contractual services such as utilities, fuel, telephone usage, etc. Thus, contractual services in FY80 were budgeted at FY79 level. Intra-state telephone rates increased by 87%. The University of Alaska has partially absorbed this increase by reducing telephone usage and increasing the computer mail message capabilities.

However, costs for utilities and heating fuels have also increased over 40% for which no additional monies were provided for FY80. Additional buildings usage, for which no monies are available for maintenance/operation in the FY80 budget, have also been put into operation at Anchorage, Kuskokwim and Nome.

A supplemental appropriation in the amount of \$445.6 is being requested to cover these increased costs for utilities and heating fuels which cannot be absorbed in the current FY80 operating budget.

The proposed distribution of this money is shown below:

<u>BRU</u>	<u>AMOUNT</u>	
UA/Fairbanks (includes TVCC)	\$292.0	
UA/Anchorage (includes ACC)	70.0	
UA/Juneau	27.0	
CC-Chukchi	4.5	
CC-Kenai Peninsula	1.4	
CC-Ketchikan	4.7	
CC-Kodiak	15.0	
CC-Kuskokwim	13.8	13.8
CC-Mat Su	6.9	
CC-Northwest	7.7	7.7
CC-Sitka	2.6	
Total	\$445.6	

University of Alaska, Fairbanks - Sewer Repair

S 14-6

Comments:

On October 10, 1979 sewage began seeping to the surface south of the old Nenana Highway near the UAF agricultural station. The cause was determined to be deterioration of the sewage line that connects the station with the College Utilities collector system. Upon excavation, it was discovered that the line had disintegrated, being in place for 50 years and made of thin-walled steel pipe.

The university proceeded immediately to hire an engineer to develop a design with bid specifications. Bids were opened on October 23, 1979, and the project was completed on November 26, 1979. The total cost of the project was \$101.9 which includes construction, engineer's fees, and administration.

The University of Alaska does not currently have any funds budgeted for this repair work either in the operating budget or as a capital project, thus a supplemental request in the amount of \$101.9 is being submitted.



UNIVERSITY OF ALASKA
FAIRBANKS, ALASKA 99701

November 20, 1979

Mr. Frank Spargo
Division of Budget & Mgmt.
Office of the Governor
State of Alaska
Pouch AM
Juneau, AK 99811

Dear Frank:

RE: Emergency Sewer Repair

This letter is to confirm our discussions on the subject (copy of University of Alaska internal memo attached) involving the emergency approval to transfer \$150,000 from contractual services to equipment in the Administration and Plant budget component.

As the year progresses, we will review our financial situation to see if \$150,000 can be found from some other source within the University of Alaska, Fairbanks, Budget Request Unit. If no such source is identified at that time, the University of Alaska will submit a supplemental request to take care of the said situation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ashok K. Dhirga".

Ashok K. Dhirga
Assistant Vice President for Finance
and Budget Director

AKD/dr

attachment

UNIVERSITY OF ALASKA

October 17, 1979

MEMO to: Sherman Carter
Vice President for Finance

THRU: Ashok Dhingra
Assistant Vice President for Finance/Budget Development

FROM: A. B. Froly
Director, Administrative Services, UAF

In accordance with Board of Regents Policy No. 05-01.04 regarding Transfers and Budget Augmentations Section C and 05.01.08 regarding Deficity Spending Section B, we are requesting exception to the named policy in order to authorize expenditure for the emergency sewer repair covered by the attached budget revision prior to State approval of the transfer.

When funds become available from sources outside the Physical Plant we would expect to reverse this revision since the revision reduces services substantially below the current needs in the Physical Plant.

ABF: BH: bml

RECEIVED
Budget Development

OCT 13 1979

DIST.

S11-8

Anchorage Community College - Revenue Shortfall and Cost of Summer Session

Comments:

The instructional budgets for ACC for FY79 and FY80 have overstated revenue from student fees. In FY79, ACC had a shortfall in student fees in the amount of \$265.0. The revenue shortfall from student fees at ACC in FY80 is estimated as \$350.0.

A supplemental appropriation in the amount of \$350.0 is being requested as a change in source of funding, i.e., a reduction in student fees and an increase in the general fund. No additional expenditure authority is being requested.

If this change in source of funding is not approved, in order to avoid a deficit, the chancellor concerned has indicated that funds for the summer session program for Anchorage Community College will be impounded to cover the student fee shortfall and thus there will be no summer session program at Anchorage Community College in 1980.

This supplemental request in the amount of \$350.0 will thus make possible conducting a summer session program by ACC, otherwise funds previously planned for this will need to be frozen as explained above, to cover the student fee shortfall, so that a deficit is not incurred.

if ~~that~~ expected
more income ...
why is it still
costing the same? ✓

are you looking
into processing
Congress
Excesses
wisely
lifford.

Kodiak Community College - Capital Request Transfer

Comments:

In FY77, the State of Alaska funded \$100.0 as a direct appropriation under capital projects for sea food processing equipment. These funds were provided to the university at a time when the Kodiak Community College was phasing out this fisheries program. As a result, to date, the university has not used these funds.

With the college's new classroom/library addition, new needs have arisen and approval is hereby requested to transfer the above-mentioned money to the classroom/library project currently under design. This transfer would enable Kodiak Community College to increase badly needed library space. The new project is scheduled for construction in early 1980.

Total transfer of funds requested -- \$100.0.

S14-2

FY79 COLA Increase For Bargaining Unit Members

Comments:

The university contract with the ACCFT provided for COLA increases in the amount of 4.28% for the period January 1, 1979 through June 30, 1979. However, the university had appropriated to it only enough money to pay a COLA increase of 1.55% for bargaining unit members for this period and needs an additional \$166.2 to pay the remaining amount of this requirement.

Supplemental appropriation requested from the general fund:

\$166.2

Why?

✓

ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND Session

SENATE BILL NO. 426

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act making supplemental appropriations to the University of Alaska; and providing for an effective date."

Introduced in the Senate ... 2/11/80

HISTORY IN THE SENATE

19 80

2 11

Read first time and referred to Committee on Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

B 426

Jay Barton
President

UNIVERSITY OF ALASKA
FAIRBANKS ALASKA 99701

January 30, 1980


Gentlemen:

Please accept this letter and its enclosures as a final transmittal of recommendations for a series of supplemental appropriations for FY 80. The Board of Regents, at their January 24 meeting, authorized and approved this supplemental appropriation request.

Normally I am quite reluctant to recommend any supplemental appropriations. In general, such appropriations reflect either inadequate budget planning or imprudent management. However, the appropriations we are now requesting are justified by force of circumstance, especially the impact of inflation. The requests reflect, with one possible exception, the tightness of the FY 80 budget appropriations coupled with the unexpected and unplanned for cost increases that have stretched our programs to the limit. The one possible exception is the request from the Anchorage Community College for \$350,000. The need for this money is a consequence of previously poor management that failed to estimate tuition income properly. Our new Campus President, Ed Biggerstaff, has the situation well in hand and will insure that no deficit will occur this year. However, your favorable action on the tuition shortfall will enable us to continue educational activities during the summer at ACC.

I am also transmitting information on some of these appropriations to individual members of the Legislature who have special concerns in their passage. I hope that you and your staff will insure that nothing falls between the cracks and that the appropriation requests do get introduced for consideration by your committees.

Respectfully,


Jay Barton
President

JB:dm

cc: Jerry Reinwand, Executive Assistant to the Governor
Sam Kito, Chairman, Regents' Finance Committee

Enclosures

The Honorable John Sackett, Chairman, Senate Finance Committee
The Honorable Russ Meekins, Chairman, House Finance Committee

ATTACHMENT #24 TO AGENDA FOR 24-25 JANUARY BOARD OF REGENTS MEETING

FY80 SUPPLEMENTAL REQUEST

UNIVERSITY OF ALASKA STATEWIDE SYSTEM

Requests for supplemental appropriations for FY80 are listed below:

<u>Exhibit</u>	<u>Item</u>	<u>Amount</u>
A	Computer operations	\$ 827.7
B	FY79 COLA increase for bargaining unit members	166.2
C	Legislative reductions not intended	340.0
D	Travel -- reductions of request & unfunded inflation	610.3
E	Utilities & fuel costs	445.6
F	UAF sewer repair	101.9
G	UAA need for additional classes	25.2
H	ACC revenue shortfall and cost of summer session	350.0
I	Working capital	6,813.3
J	Kodiak Community College - capital request transfer	100.0

Computer Operations

Comments:

The legislature appropriated only 75% of the university's funding for computer operations and related staffing. Of the amount now being requested, \$800.0 is for computer operations and \$27.7 is for staffing for systems development. Unless this supplemental appropriation is provided, the University of Alaska will run out of money for computer operations in March, 1980. That would make it impossible to do such things as process payrolls, bill the federal government and would bring university accounting and much of the university's teaching and research operations to a halt. A considerable amount of justification has been submitted pertaining to these matters to executive and legislative staff members, to include information on actions being taken by the university to develop and implement new accounting and reporting systems and to comply with state accounting and reporting requirements.

State legislative intent is stated as follows:

"This component has been funded at 75% of the level authorized by the legislature. The university shall provide information on its implementation of new accounting/reporting procedures for compliance with state accounting procedures to the legislative Budget and Audit Committee prior to the convening of the 1980 session. When the Budget and Audit Committee is satisfied with the compliance program of the university, it shall advise the House and Senate Finance Committees of the need for a supplemental appropriation to meet the authorized budget level."

Supplemental appropriation required:

General fund	\$777.7
Program receipts	<u>50.0</u>
Total Request	\$827.7

FY79 COLA Increase For Bargaining Unit Members

Comments:

The university contract with the ACCFT provided for COLA increases in the amount of 4.28% for the period January 1, 1979 through June 30, 1979. However, the university had appropriated to it only enough money to pay a COLA increase of 1.55% for bargaining unit members for this period and needs an additional \$166.2 to pay the remaining amount of this requirement.

Supplemental appropriation requested from the general fund:
\$166.2

Comments:

At the request of the chairman of the sub-committee of the House Finance Committee, a request in the amount of \$340.0 has been submitted to cover items requested by the board of regents and recommended for funding by the governor which were seemingly inadvertently omitted from funding provided by the legislature.

The total amount of this request is \$340.0. If received, this money will be distributed as follows:

<u>BRU/COMPONENT</u>	<u>AMOUNT</u>
<u>Organized Research:</u>	
Agriculture Exper. Station	\$ 15.2
BIOME Center	28.6
Inst. of Water Resources	3.2
Arctic Env. Info. & Data Ctr.	5.4
Alaska Coop. Wildlife Res. Units	1.0
WAMI Medical Program	3.1
Dev. Programs & Projects	1.6
Subtotal Organized Res.	<u>58.1</u>
<u>UA/Fairbanks:</u>	
Instruction	62.7
Academic Support	9.0
Public Service	27.4
Student Services	17.9
Administration & Plant	4.0
Subtotal UA/Fairbanks	<u>121.0</u>
<u>UA/Anchorage:</u>	
Instruction	25.3
Research & Prof. Centers	12.5
Student Services	19.9
Administration & Plant	25.0
Subtotal UA/Anchorage	<u>82.7</u>
<u>UA/Juneau:</u>	
JDCC Instruction	9.2
<u>CC-Anchorage:</u>	
Administration & Plant	17.1
<u>CC-Kodiak:</u>	
Instruction	9.1
<u>CC-Kuskokwim:</u>	
Instruction	2.3
Academic Support	3.2
Subtotal CC-Kuskokwim	<u>5.5</u>
<u>CC-Northwest:</u>	
Instruction	35.0
<u>CC-Sitka:</u>	
Instruction	2.3
TOTAL University	<u>\$340.0</u>

Travel-- Reductions of Request & Unfunded Inflation

Comments:

At the time the legislature made appropriations to the university for FY80, state revenue projections were low. Consequently, the university's funding was reduced below the continuation level-- the university's travel budget was reduced by 25% from the governor's recommended budget level.

The University of Alaska system is spread all over the state. Furthermore, the university's travel costs have been increased because President Jay Barton has placed emphasis on the university's rural and native outreach programs. In order for the university to serve citizens of the state, restoration of the aforementioned 25% cut in the continuation-level travel budget is needed.

In addition to restoring the aforementioned cut in travel funds for the university, the university has a critical need for more money for travel because of inflation. The university's continuation-level budget for travel was prepared using a 6% inflation factor as required by the Governor's Division of Budget and Management. However, transportation costs actually increased over 30% during the period July 1 - December 31, 1979, and these costs continue to increase as a result of cost increases for fuel and air fares. To accomplish the same level of travel as in FY79, the university needs an additional \$394.7 to cover inflated transportation costs. The University of Alaska plans to absorb 50% of this inflation in transportation costs by reducing travel, making the university's total supplemental request for travel as follows:

Restoration of 25% cut	\$413.3
50% of inflationary increase	197.0
	<hr/>
Total Request	\$610.3

The proposed distribution of this money is shown on the reverse side of this page.

<u>BUR/COMPONENT</u>	<u>RESTORATION</u>	<u>INFLATION</u>	<u>TOTAL TRAVEL</u>
<u>rd of Regents:</u>			
Regents Staff & Support	\$ ---	\$ 8,146	\$ 8,146
Recruitment/Relocation		13,125	13,125
Intercollegiate Athletics - UAF	---	12,267	12,267
UAA	---	7,735	7,735
Subtotal BOR	---	41,273	41,273
<u>Statewide Administration:</u>			
Statewide Staff & Support	41,800	10,631	52,431
<u>Organized Research:</u>			
Inst. of Water Resources	2,800	622	3,422
Agric. Experiment Station	2,700	831	3,531
Inst. of Social & Econ. Res.	15,600	2,633	18,233
Ctr. for Cross Cult. Studies	---	963	963
Arctic Envir. Info. & Data Ctr.	12,300	3,255	15,555
Mineral Industry Res. Lab.	---	324	324
WAMI Medical Program	3,300	770	4,070
Geophysical Institute	---	3,754	3,754
Inst. of Marine Science	---	1,566	1,566
Inst. of Arctic Biology	---	1,549	1,549
Cooperative Wildlife Res.	700	218	918
Sea Grant Program	---	1,863	1,863
Dev. Programs & Projects	4,200	1,575	5,775
Subtotal Organized Research	41,600	19,923	61,523
<u>FAirbanks:</u>			
Instruction	15,900	6,256	22,156
Research & Prof. Centers	---	350	350
Public Service - KUAC	2,200	403	2,603
Academic Support	27,100	9,503	36,603
Student Services	4,600	1,610	6,210
Administration & Plant	13,900	4,865	18,765
Subtotal FAirbanks	63,700	22,987	86,687
<u>FAAnchorage:</u>			
Instruction	31,000	10,832	41,832
Research & Prof. Centers	5,000	1,742	6,742
Academic Support	7,400	2,572	9,972
Student Services	1,300	473	1,773
Administration & Plant	9,200	3,229	12,429
Subtotal FAAnchorage	53,900	18,848	72,748
<u>FAJuneau:</u>			
SESC Instruction	20,800	8,225	29,025
SDCC Instruction	5,600	2,372	7,972
Public Service	10,100	1,155	11,255
Academic Support	3,100	1,102	4,202
Student Services	2,200	560	2,760
Administration & Plant	11,100	3,123	14,223
Subtotal FAJuneau	52,900	16,537	69,437
<u>FAStatewide Administration:</u>			
Statewide Staff & Support	15,700	5,495	21,195
<u>FAAnchorage:</u>			
Instruction	11,100	3,597	14,697
Public Service	2,300	796	3,096
Academic Support	10,900	3,866	14,766
Eagle River	---	280	280
Student Services	4,300	971	5,271
Administration & Plant	1,200	435	1,635
Subtotal FAAnchorage	29,800	9,905	39,705
<u>FAKenai Peninsula:</u>			
Instruction	7,400	2,538	9,938
Academic Support	100	44	144
Student Services	500	245	745
Administration & Plant	1,100	1,925	3,025
Subtotal FAKenai Penin.	9,100	4,752	13,852

<u>BUR/COMPONENT</u>	<u>RESTORATION</u>	<u>INFLATION</u>	<u>TOTAL TRAVEL</u>
<u>CC-Ketchikan:</u>			
Instruction	3,100	1,182	4,282
Academic Support	300	96	396
Student Services	800	140	940
Administration & Plant	900	315	1,215
Subtotal CC-Ketchikan	5,100	1,733	6,833
<u>CC-Kodiak:</u>			
Instruction	2,300	1,636	3,936
Academic Support	100	35	135
Student Services	400	140	540
Administration & Plant	1,700	595	2,295
Subtotal CC-Kodiak	4,500	2,406	6,906
<u>CC-Chukchi:</u>			
Instruction	2,600	928	3,528
Administration & Plant	1,600	560	2,160
Subtotal CC-Chukchi	4,200	1,488	5,688
<u>CC-Kuskokwim:</u>			
Instruction	7,700	7,438	15,138
Academic Support	700	1,374	2,074
Yupik Language Center	1,000	341	1,341
Student Services	1,300	463	1,763
Administration & Plant	4,100	1,452	5,552
Subtotal CC-Kuskokwim	14,800	11,068	25,868
<u>CC-Mat Su:</u>			
Instruction	400	552	952
Academic Support	400	122	522
Administration & Plant	300	218	518
Subtotal CC-Mat Su	1,100	892	1,992
<u>CC-Northwest:</u>			
Instruction	6,800	819	7,619
Academic Support	200	62	262
Administration & Plant	3,000	1,058	4,058
Subtotal CC-Northwest	10,000	1,939	11,939
<u>CC-Prince William Sound:</u>			
Instruction	2,700	954	3,654
Administration & Plant	2,000	718	2,718
Subtotal CC-Prince Wm. Sd.	4,700	1,672	6,372
<u>CC-Sitka:</u>			
Instruction	1,400	718	2,118
Academic Support	200	87	287
Administration & Plant	900	323	1,223
Subtotal CC-Sitka	2,500	1,128	3,628
<u>CC-Tanana Valley:</u>			
Instruction	700	254	954
Academic Support	4,300	1,505	5,805
Subtotal CC-Tanana Valley	5,000	1,759	6,759
<u>Rural Education:</u>			
Instruction	26,200	9,800	36,000
Research & Prof. Centers	5,000	1,742	6,742
Academic Support	1,400	1,242	2,642
Coop. Ext. Service	20,300	9,791	30,091
Subtotal Rural Education	52,900	22,575	75,475
TOTAL UNIVERSITY	\$413,300	\$197,011	\$610,311

Utilities & Fuel Costs

Comments:

Funding for the University of Alaska for FY80 approved by the legislature did not provide for any inflation for contractual services such as utilities, fuel, telephone usage, etc. Thus, contractual services in FY80 were budgeted at FY79 level. Intra-state telephone rates increased by 87%. The University of Alaska has partially absorbed this increase by reducing telephone usage and increasing the computer mail message capabilities.

However, costs for utilities and heating fuels have also increased over 40% for which no additional monies were provided for FY80. Additional buildings usage, for which no monies are available for maintenance/operation in the FY80 budget, have also been put into operation at Anchorage, Kuskokwim and Nome.

A supplemental appropriation in the amount of \$445.6 is being requested to cover these increased costs for utilities and heating fuels which cannot be absorbed in the current FY80 operating budget.

The proposed distribution of this money is shown below:

<u>BRU</u>	<u>AMOUNT</u>
UA/Fairbanks (includes TVCC)	\$292.0
UA/Anchorage (includes ACC)	70.0
UA/Juneau	27.0
CC-Chukchi	4.5
CC-Kenai Peninsula	1.4
CC-Ketchikan	4.7
CC-Kodiak	15.0
CC-Kuskokwim	13.8
CC-Mat Su	6.9
CC-Northwest	7.7
CC-Sitka	2.6
Total	\$445.6

University of Alaska, Fairbanks - Sewer Repair

Comments:

On October 10, 1979 sewage began seeping to the surface south of the old Nenana Highway near the UAF agricultural station. The cause was determined to be deterioration of the sewage line that connects the station with the College Utilities collector system. Upon excavation, it was discovered that the line had disintegrated, being in place for 50 years and made of thin-walled steel pipe.

The university proceeded immediately to hire an engineer to develop a design with bid specifications. Bids were opened on October 23, 1979, and the project was completed on November 26, 1979. The total cost of the project was \$101.9 which includes construction, engineer's fees, and administration.

The University of Alaska does not currently have any funds budgeted for this repair work either in the operating budget or as a capital project, thus a supplemental request in the amount of \$101.9 is being submitted.

UAA Need for Additional Classes

Comments:

The regents' Finance & Business Management Committee instructed the university administration to compile a supplemental request to pay for additional courses to be offered at the University of Alaska, Anchorage. The committee took that action because of the fact that some classes have been completely filled and many students who have wanted to enroll have been unable to do so.

Twelve new sections, ten in the College of Arts and Sciences and two in the School of Business and Public Administration, have been added to UAA's schedule of course offerings for the spring semester. These sections being added represent courses filled or nearly filled in the pre-registration in November, 1979.

Additional costs for offering these twelve sections is \$25.2. Since these sections represent additions to UAA's current schedule of courses, costs for these sections are not currently in UAA's FY80 operating budget.

The total amount of this supplemental request is \$25.2.

Anchorage Community College - Revenue Shortfall and Cost of Summer Session

Comments:

The instructional budgets for ACC for FY79 and FY80 have overstated revenue from student fees. In FY79, ACC had a shortfall in student fees in the amount of \$265.0. The revenue shortfall from student fees at ACC in FY80 is estimated as \$350.0.

A supplemental appropriation in the amount of \$350.0 is being requested as a change in source of funding, i.e., a reduction in student fees and an increase in the general fund. No additional expenditure authority is being requested.

If this change in source of funding is not approved, in order to avoid a deficit, the chancellor concerned has indicated that funds for the summer session program for Anchorage Community College will be impounded to cover the student fee shortfall and thus there will be no summer session program at Anchorage Community College in 1980.

This supplemental request in the amount of \$350.0 will thus make possible conducting a summer session program by ACC, otherwise funds previously planned for this will need to be frozen as explained above, to cover the student fee shortfall, so that a deficit is not incurred.

Working Capital

Comments:

The University of Alaska needs working capital to be able to finance its accounts receivable which totaled \$11,300.0 on June 30, 1979. Also, as explained in previous papers and studies, the university's working capital need will increase an expected \$2,500.0 with automation of the university's accounts payable system in 1981.

On December 11, 1979, the regents' Finance and Business Management Committee passed the following action:

"The Committee recommends that the full Board of Regents direct the Administration to seek working capital as a supplemental appropriation; between now and January, the Committee directs the Administration to sound this issue out with members of the legislature. This motion is effective December 11, 1979."

To cover the working capital need in a permanent way, so that it will not be necessary for the university continually to seek loans and appropriations from the state for working capital, regents' support for passage of the attached draft legislation is requested. That legislation would return to the university the amount of money which it has lapsed for the last two fiscal years for working capital and henceforth require that the university lapse to the state only general fund money, being permitted to retain for working capital other income which through good management the university can earn or save.

Enactment of the attached draft legislation would significantly reduce administration, promote economy and efficiency by the university and reduce long-term costs to the state. It would eliminate the university's present unfunded deficit. It constitutes a frugal statement of the university's working capital need, which can now be computed in various ways to be over \$7,000.

To solve this problem, three pieces of draft legislation are attached, including a request for a supplemental appropriation in the amount of \$6,813.3.

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To solve this problem, three pieces of draft legislation are attached, including a request for a supplemental appropriation in the amount of \$6,813.3.

A BILL

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

BE 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. (a)

There is established in the treasury of the University of Alaska the University of Alaska working capital reserve fund. The fund consists of money appropriated by the legislature for the purpose of providing non-lapsing current working capital for the University of Alaska and is not available for appropriation by the Board of Regents.

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

* Section 2. This Act takes effect immediately in accordance with AS 01.10.070(c).

A BILL

For an Act entitled: Making an appropriation 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 \$6,813,334 is appropriated from the general fund to the University of Alaska for the purpose of providing non-lapsing current working capital as provided by AS 14.40.295.

* Section 2. This Act takes effect immediately in accordance with AS 01.10.070(c).

Kodiak Community College - Capital Request Transfer

Comments:

In FY77, the State of Alaska funded \$100.0 as a direct appropriation under capital projects for sea food processing equipment. These funds were provided to the university at a time when the Kodiak Community College was phasing out this fisheries program. As a result, to date, the university has not used these funds.

With the college's new classroom/library addition, new needs have arisen and approval is hereby requested to transfer the above-mentioned money to the classroom/library project currently under design. This transfer would enable Kodiak Community College to increase badly needed library space. The new project is scheduled for construction in early 1980.

Total transfer of funds requested -- \$100.0.

February 11, 1980

The Honorable Clem Tillion
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making supplemental appropriations to the University of Alaska for (1) deficits in various components that occurred during Fiscal Year 1979, (2) paying higher than anticipated utility and fuel costs in the university physical plant, (3) replacing a broken sewer line at the Fairbanks Agriculture Experiment Station, (4) replacing a shortfall resulting from an over-projection of student fee revenues, (5) library expansion at Kodiak, and (6) a Fiscal Year 1979 cost-of-living adjustment for community college teachers.

Sincerely,

Jay S. Hammond
Governor



University of Alaska
Statewide System of Higher Education
Fairbanks, Alaska 99701

BPM
FEB 4 REC'D 426

January 30, 1980

Frank

Mr. William R. Hudson
Commissioner of Administration
State of Alaska
Department of Administration
Pouch C
Juneau, Alaska 99811

Dear Mr. Hudson:

During FY 79, the University of Alaska underspent specific appropriations by \$2,532,572.46, and overspent other appropriations by \$605,971.83. On November 20, 1979 the university remitted \$1,926,600.63 which represented the net amount of underspent and overspent appropriations. On the advice of Ron Lehr, Director, Division of Budget and Management, the university is now submitting \$605,971.83 for the balance of the underspent appropriations.

Since this payment was not anticipated in our cash flow projections, the university will require a loan in this amount. The appropriate paperwork for this loan will be submitted to you later this week.

If you have any questions, please contact us at your convenience.

Sincerely,

Sherman Carter
Vice President for Finance

SFC/pb

Attachment

cc: Ron Lehr ✓

P.O. NO.	DESCRIPTION	ACCOUNT	DISTRIBUTION	INVOICE NO. OR DATE	INVOICE AMOUNT
	State of Alaska, Dept. of Administration	020-0200-000		1-30-80	605,971.03
	Repayment of balance of lapsing for FY 79.				
				TOTAL NET PAYMENT	\$ 605,971.03

UNIVERSITY OF ALASKA-FAIRBANKS

38168

WHEN COUNTERSIGNED BY THE TREASURER PAYABLE AT ALASKA NATIONAL BANK OF THE NORTH

UNIVERSITY OF ALASKA
FAIRBANKS, ALASKA 99701

89-50
1252

FISCAL YEAR 80 No. B 38168

PAY:

DATE ISSUED			AMOUNT
MO	DAY	YEAR	
01	30	80	\$ 605,971.03

VOID AFTER 120 DAYS

COPY NOT NEGOTIABLE

TO THE ORDER OF
State of Alaska
Dept. of Admin.
Pouch "C"
Juneau, AK. 99811

7392 Patti

1/3/80

Ron,

Per our conversation, I informed U of A that we can not approve the requested transfer. I asked if they would like us to recommend a supplemental for \$606.0, OK with UA.

I recommend that the Governor request a supplemental appropriation of \$606.0 for UA for covering FY79 deficits in specific appropriation.

Reasons:

Overall, the UA has \$2,533.0 of lapse funds from various appropriations, and deficits of \$606.0, for a net lapse to the state of \$1,927.0 in FY79.

In FY79, U of A had 36 appropriations, (basically 2 per campus) which represented severe constraints for operations. Simply too many appropriations, and some deficits were bound to occur as a result of high fixed costs in some appropriations.

The UA is still trying to manage a \$4 million deficit from previous administrations. By forcing the lapses by appropriations when they occur, we should be

supplemental appropriations for deficit appropriations until such time as the current UA administration brings the entire fiscal operation under control. This will probably take another year or so for all the new fiscal procedures at UA to have an effect.

Forcing an additional deficit burden on UA at a time when their working capital is severely depleted will only aggravate the situation further.

Please advise if you approve.

Frank

06 SYNBUDET
JGBUDET

JGBUDET 01/15/80 7:41:03 *

ASHOK,
WITH RESPECT TO THE REQUEST FOR FY79 APPROPRIATION TRANSFERS...

WE HAVE A STANDARD STATE POLICY OF NOT SUBMITTING OR APPROVING
TRANSFERS FOR PRIOR YEAR OPERATING BUDGETS. WHEN WE TALKED ABOUT THIS
SUBJECT EARLIER, I THOUGHT WE WERE TALKING ABOUT CURRENT YEAR TRANSFERS.
AND WE WOULD SUBMIT NET ZERO SUPPLEMENTALS FOR CURRENT YEARS, BUT NEVER
FOR PRIOR YEARS.

THEREFORE, PER CONVERSATIONS WITH DR. CARTER, WE WILL SUBMIT THE REQUEST
FOR A SUPPLEMENTAL FOR FY79. AMOUNT APPROX. 606.0.

IF WE SUBMIT THE SUPPLEMENTAL FOR 606.0, WE EXPECT A PAYMENT TO THE
STATE FOR THE TOTAL AMOUNT OF THE FY79 LAPSE. ALL LAPSES SHOULD BE
CALCULATED BASED ON EACH APPROPRIATION...IT IS INAPPROPRIATE TO AGGREGATE
THE ENTIRE UNIVERSITY FOR PURPOSES OF CALCULATING THE LAPSE.

WE NEED A DETAILED BREAKDOWN BY COMPONENT OF THE DEFICITS, SURPLUSES,
WITH AS MUCH DETAIL ABOUT THE REASONS FOR THE DEFICITS. WE DO NOT NEED
SURPLUSES IN THOSE APPROPRIATIONS WHERE NO DEFICITS OCCURRED.

UPON RECEIPT OF THE ABOVE EXPLANATIONS FOR DEFICITS, I WILL SUBMIT A
REQUEST FOR A SUPPLEMENTAL FOR THE GROSS AMOUNT OF THE
DEFICITS, ASSURING THE EXPLANATIONS ARE REASONABLE, TO THE DEPT FOR
APPROVAL. NO GUARANTEES.

WHERE DEFICITS WERE THE RESULT OF CONTROLLABLE CIRCUMSTANCES, I WILL NEED
TO KNOW WHAT ACTIONS HAVE BEEN TAKEN TO PREVENT REOCCURRENCE. THE DEPT
HAS REQUESTED THIS INFORMATION IN THE PAST.

FRANK

DC

62115



UNIVERSITY OF ALASKA
Statewide System of Higher Education
Fairbanks, Alaska 99701

December 28, 1979

Mr. Ron Lehr, Director
Division of Budget & Management
Office of the Governor
State of Alaska
Pouch AM
Juneau, Ak 99811

ATTENTION: Frank Spargo

RE: Request for FY79 Appropriation Transfers

This constitutes a request by the University of Alaska that you please prepare and submit legislation to offset certain over-expenditures made in specific university appropriations in FY79 against other appropriations last year which were underspent. From previous discussions, my impression is that this request by the university should be submitted through you and in this way.

The fact that the University of Alaska would ask the governor and legislature to approve, retroactively, such transfers between appropriations was indicated in the university's audited financial statements for last fiscal year, copies of which were sent to all legislators and to state officials.

Attachment #1 is a report which I wrote to transmit the aforementioned financial statements.

Attachment #2 is a more specific enumeration of university appropriations for FY79 indicating specifically where deficits and lapsing occurred.

Attachment #3 is a detailed explanation of the reasons for each deficit.

Attachment #4 is a copy of a letter transmitting a University of Alaska check for \$1,926,600.63 to the state. That amount constituted the exact net amount of the lapse, computed on the basis that the request made in this letter to offset specific overexpenditures against underexpenditures would be approved.

Please be assured that the central administration of the University of Alaska is doing everything humanly possible to preclude the possibility of further overexpenditures of appropriations.

UNIVERSITY OF ALASKA

Mr. Ron Lehr, Director

Page 2

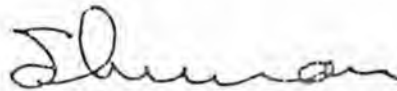
December 28, 1979

As indicated in Attachment #1, (a) completion of the new accounting system now being developed will assist the university gain more prompt and effective financial control, and (b) the state could help the university improve efficiency, reduce administration and preclude deficits by reducing the number of appropriations to the university--none of the deficits would have occurred in FY79 if the university had received only six, rather than thirty-five separate appropriations.

Your help in securing approval of the request made above will be greatly appreciated. If more information is needed, or if the university should make the request to the state which it is now submitting through you to someone else or in some other way, or if any further action by the university is now indicated with respect to this matter, please let me know. Otherwise, if these papers are adequate to permit you to request legislation to offset overexpenditures against underexpenditures as requested above, please confirm that fact by sending me a message.

Because I have discussed these matters with the following-listed persons, and because of their interest, I shall send information copies of these papers to them. Thanks again for the help which the university receives from you and your office.

Sincerely,



Sherman Carter
Vice President for Finance

SFC:nba

cc: Representatives Meekins, Rogers, Montgomery and Duncan
Members of the Board of Regents
President Jay Barton
Mr. Jerry Reinwand
Mr. Bill Mullin
Mr. Dave Scott



UNIVERSITY OF ALASKA
Statewide System of Higher Education
Fairbanks, Alaska 99701

October 1, 1979

REPORT TO THE UNIVERSITY PRESIDENT AND BOARD OF REGENTS

FROM: Sherman Carter, Vice President for Finance

Sherman

This is the earliest date that the annual audit has been completed. The early completion was made possible because the university's financial accounting procedures and records have been improved. Another indication of such improvements is the reduction made in the amount of outstanding accounts receivable. Current funds accounts receivable on June 30, 1979 were \$10,173,000; \$2,522,000, or 19.9 percent below the previous year. Since revenues increased, the reduction in accounts receivable was the result of increased efficiency in making collections.

Special efforts were made in FY79 to develop a modern, automated accounting system. Prototypes were developed for the general ledger system as were detailed specifications for the cash receipts/accounts receivable and purchasing/accounts payable subsystems. The modules will be combined with the existing payroll and budget subsystems. New systems are scheduled to be in operation by January 1, 1981. These systems are being designed to conform with generally accepted accounting principles for colleges and universities and to make it possible for the university to comply with requirements established by the state.

During this reporting period the state of Alaska provided 57.9 percent of the university's current fund revenues. Sponsored programs during FY79 brought in 25.2 percent of such revenues, and remaining revenues came primarily from student fees, indirect cost recovery and operations of auxiliary enterprises. The state legislature appropriates all money coming to the university, regardless of source. In FY79, the legislature appropriated money to the University of Alaska in thirty-five appropriations, each of which must be accounted for separately and which may only be used for specific things. If the university underspends any appropriation, the amount lapses to the state. If any appropriation gets overspent because of such reasons as unanticipated shortfalls in nonstate revenues, a deficit results.

For FY79, the university underspent specific appropriations by \$2,533,000 and overspent other appropriations by \$606,000. Overexpenditures resulted partially from the fact that Anchorage Community College had a shortfall in anticipated revenue from student fee collections. The college did not reduce its level of expenditures promptly and one of its appropriations was overspent by \$499,000. Other principal overexpenditures were: Kenai Peninsula Community College, \$59,700; Tanana Valley Community College, \$24,900; Kodiak Community College, \$11,600; and Matanuska-Susitna Community College, \$6,100.

REPORT TO THE UNIVERSITY PRESIDENT AND BOARD OF REGENTS

Page 2

October 1, 1979

The university is asking the governor and the legislature to approve appropriation transfers to cover the overexpenditures from the money scheduled to lapse. None of these overexpenditures would have occurred if the university had received only one appropriation for the community college system and one appropriation for each of its other five major administrative units. Such a reduction in numbers of appropriations to the university would also simplify, reduce and make more efficient, financial administration of the university.

On June 30, 1978 the university had unspent appropriations totalling \$4,886,734. A supplemental appropriation to the university which would have permitted the university to retain this money from FY78, to eliminate the university's deficit incurred in 1977 and to provide working capital for the university was proposed by the governor, by House Bill No. 74 and Senate Bill No. 80. However, in 1979 the legislature did not pass a supplemental appropriation to permit the university to retain this money as was expected. In order to publish financial statements for FY78 with a positive fund balance, i.e. more assets than liabilities, the statements were prepared based upon the assumption that the legislature would allow the university to retain money it saved in FY78 to cover overexpenditures it made in FY77. Since this did not occur, the June 30, 1978 financial statements have now been retroactively restated to reflect the \$4,886,734 liability to the state. The effect of this restatement is to reduce the unallocated unrestricted current fund balance for FY78 by that amount from that shown in previous financial statements.

The June 30, 1979 unallocated unrestricted deficit of the university totals \$4,241,000 -- the University of Alaska has this much more current liabilities than current assets and is only able to operate by borrowing from the state. Borrowing against its accounts receivable, the university will owe the state \$4 million at the end of this calendar year. Under existing laws, the university's deficit can never be eliminated. If the university saves any money or earns additional money it lapses, while if the university must incur unexpected costs or has unexpected shortfalls in nonstate revenue, such things may increase the university's deficit and the university's need to borrow from the state.

The auditors were unable to give an opinion on the accuracy of the university's stated investment in plant and equipment, because the university does not have adequate, detailed supporting records to substantiate all such costs. Although this exception is not unusual with universities and governmental entities, the university is working to eliminate this deficiency. However, developing detailed supporting records to show accurate costs of university property will be an expensive, time-consuming process. With the time and effort that can be devoted to this task, in view of other improvements now being made in the university's financial administration which have higher priority, accurate costs of university property will not be shown in the financial statements for about another two years.

SFC:lei

UNIVERSITY OF ALASKA
CALCULATION OF LAPSE OF STATE APPROPRIATION
JUNE 30, 1979

	Total Current Year	
	Deficit	Lapse
Board of Regents		\$ 120,800.00
Statewide		127,500.00
Organized Research		21,100.00
University of AK - Fbks - Instruction		39,800.00
University of AK - Fbks - Support		957,700.00
University of AK - Fbks - Student Loan		15,300.00
University of AK - Anc - Instruction	\$ 4,200.00	800.00 - 78
University of AK - Anc - Support		301,000.00
University of AK - Juneau - Instruction		13,800.00
University of AK - Juneau - Support		6,100.00
Juneau-Douglas Comm. College - Instruction		4,700.00
Juneau-Douglas Comm. College - Support		400.00
CoOperative Ext., Rural ed, Chukchi & Prince WM Sound Comm. College - Instruction		109,700.00
CoOperative Ext., Rural ed, Chukchi & Prince WM Sound Comm. College - Support		84,600.00
Community College statewide admin & contract	300.00	900.00
Anchorage Comm. College - Instruction	499,200.00	2,400.00
Anchorage Comm. College - Support		226,300.00
Kenai Comm. College - Instruction	9,500.00	400.00
Kenai Comm. College - Support	50,200.00	3,400.00
Ketchikan Comm. College - Instruction		82,400.00
Ketchikan Comm. College - Support		1,200.00
Kodiak Comm. College - Instruction		50,400.00
Kodiak Comm. College - Support	11,600.00	3,600.00
Kuskokwim Comm. College - Instruction		72,800.00
Kuskokwim Comm. College - Support		145,700.00
Mat-Su Comm. College - Instruction		7,700.00
Mat-Su Comm. College - Support	6,100.00	5,400.00
Northwest Comm. College - Instruction		400.00
Northwest Comm. College - Support		13,500.00
Sitka Comm. College - Instruction		4,300.00
Sitka Comm. College - Support		2,300.00
Tanana Valley Comm. College - Instruction	24,900.00	300.00
Tanana Valley Comm. College - Support		104,900.00
	606,000.00	2,532,600.00

EXPLANATION OF DEFICITS

University of Alaska-Anchorage-Instruction

UAA had a shortfall in fee revenue of \$13,300 which was partially offset by receipt of monies in excess of budget for overhead recovery and sales and miscellaneous categories. The net shortfall in revenue for UAA was \$7,900.

UAA had a lower expenditure level than the amount that was budgeted. Expenditures were \$3,700 below the amount budgeted, which partially offset the effect of the shortfall in revenue. The revenue shortfall of \$7,900 which was mitigated by the reduced expenditures of \$3,700 resulted in a deficit for FY 79 of \$4,200.

UAA Instruction also lapsed \$800 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. The lapse represents the amount of purchase orders which were completed at a lower amount than originally anticipated as the cost.

Community College Statewide Administration & Contract

This appropriation had expenditures in excess of budget of \$300. The overexpended position became apparent when some corrections were made at the end of the fiscal year in the recording of expenditures relating to the community college contract. This appropriation also lapsed \$100 of revenue received in excess of the FY 79 budget.

CC Administration and Contract also lapsed \$800.00 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. The lapse represents the amount of purchase orders which were completed at a lower amount than was originally anticipated as the cost.

Anchorage Community College-Instruction

ACC had a shortfall in fee revenue of \$265,000. This amount was made up of \$115,000 in resident and non-resident tuition, \$114,000 in non credit course fees, \$55,000 in instruction lab, material and services fees, and extra revenue over budget in military programs of \$19,000.

ACC had overexpenditures in FY 79 of \$234,200. Included in this amount were overexpenditures for labor of \$294,200. Other expenditure areas were underspent in a total of \$60,000, resulting in a net overexpenditure of \$234,200. This overexpenditure combined with the shortfall in revenue resulted in a total deficit of \$499,200.

ACC also lapsed \$2,400 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. The lapse represents the amount of purchase orders which were completed at a lower amount than was originally anticipated as the cost.

Kenai Community College-Instruction

This appropriation had expenditures in excess of budget of \$9,500. Included in this amount were overexpenditures for labor of \$13,900 and underexpenditures in other object codes of \$4,400, resulting in a overexpended total of \$9,500.

This appropriation had revenues in excess of budget of \$300 in FY 79 which lapsed back to the State. Kenai also lapsed \$100 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. That lapse represents the amount of purchase orders which were completed at a lower amount than was originally anticipated as the cost.

Kenai Community College-Support

This appropriation had expenditures in excess of budget of \$50,200. Included in this amount were overexpenditures for labor of \$31,300, overexpenditure due to a provision for uncollectible grants and contracts of \$36,500, and underexpenditures in other object codes of \$17,600, resulting in the overexpended total of \$50,200.

Kenai-Support also lapsed \$3,400 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. The lapse represents the amount of purchase orders which were completed at a lower amount than was originally anticipated as the cost.

Kodiak Community College-Support

Kodiak had expenditures in excess of budget of \$11,600. Included in this amount were underexpenditures for labor of \$35,700 and for other object codes of \$100. There were expenditures which were not budgeted due to the write off of uncollectible receivables of \$47,400. The underexpenditures of \$35,800 combined with the overexpenditures of \$47,400 resulted in the overexpended total of \$11,600.

Kodiak Support also lapsed \$3,600 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. The lapse represents the amount of purchase orders which were completed at a lower amount than was originally anticipated as the cost.

Matanuska-Susitna Community College-Support

Matanuska-Susitna had a shortfall in revenue of \$8,100. Shortfall in Eagle River fees of \$5,400 together with a shortfall of \$3,000 in overhead recovery and extra money in other areas of \$300 resulted in the total revenue shortfall of \$8,100.

This appropriation also had expenditures which were lower than the amount budgeted. There was an overexpenditure in salaries of \$7,000 and an underuse of other object codes of \$9,000 resulting in a net underuse of expenditure budget of \$2,000. This underuse, combined with the shortfall in revenue, resulted in the deficit of \$6,100.

Matanuska-Susitna Community College-Support, continued

Matanuska-Susitna also lapsed \$5,400 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. The lapse represents the amount of purchase orders which were completed at a lower amount than was originally anticipated as the cost.

Tanana Valley Community College-Instruction

Tanana Valley Community College had a shortfall in revenue of \$24,300. A shortfall in fees made up \$15,400 of this amount, and shortfalls of \$7,200 in sales and miscellaneous categories and \$1,700 in food service receipts made up the total shortfall.

Tanana Valley also had expenditures in excess of the amount budgeted by \$600. This overexpenditure when combined with the revenue shortfall of \$24,300 combined to form the total deficit of \$24,900.

TVCC also lapsed \$300 of FY 78 appropriation which was carried forward from outstanding purchase orders at the end of the preceding fiscal year. The lapse represents the amount of purchase orders which were completed at a lower amount than was originally anticipated as the cost.



UNIVERSITY OF ALASKA
Statewide System of Higher Education
Fairbanks, Alaska 99701

November 20, 1979

Mr. William R. Hudson
Commissioner of Administration
State of Alaska
Department of Administration
Pouch C
Juneau, Alaska 99811

Dear Mr. Hudson:

During FY 79, the University of Alaska underspent specific appropriations by \$2,532,572.46, and overspent other appropriations by \$605,971.83. The university plans to ask the governor and the legislature to approve appropriation transfers to cover the overexpenditures from the money scheduled to lapse. In view of this, we have attached our check in the amount of \$1,926,600.63 for the net amount of underspent and overspent appropriations.

If you have any questions please contact us at your earliest convenience.

Sincerely,

Sherman Carter
Vice President for Finance

SFC/pb

Attachment

IN 92-6000147 UA FORM

No. B 3585

P.O. NO.	P/F	DESCRIPTION	ACCOUNT	DISTRIBUTION	ISSUE NO. OR DATE	INVOICE AMOUNT
		State of Alaska	020-0200-000		11-20-79	1,926,600.63
Net from over & under expenditures for FY 79 - lapse to State.						
UNIVERSITY OF ALASKA - FAIRBANKS					35053	TOTAL NET PAYMENT \$ 1,926,600.63

WHEN COUNTERSIGNED BY THE TREASURER PAYABLE AT ALASKA NATIONAL BANK OF THE NORTH

UNIVERSITY OF ALASKA
FAIRBANKS, ALASKA 99701

FISCAL YEAR 80 No. B 35853

89-50
1252

PAY

UNIV. OF ALASKA 1,926,600.63

DATE ISSUED			AMOUNT
MO	DAY	YEAR	
11	20	79	\$ 1,926,600.63

VOID AFTER 180 DAYS

TO THE ORDER OF

State of Alaska
Dept. of Admin.
Pouch "C"
Juneau, AK. 99811

Shirley Galt
Robert J. Lang

⑈0035853⑈ ⑆ 25 20050 7106 ⑆ 1 108 ⑈ 4 ⑈

7392

Utilities & Fuel Costs

S 14-5

Comments:

Funding for the University of Alaska for FY80 approved by the legislature did not provide for any inflation for contractual services such as utilities, fuel, telephone usage, etc. Thus, contractual services in FY80 were budgeted at FY79 level. Intra-state telephone rates increased by 87%. The University of Alaska has partially absorbed this increase by reducing telephone usage and increasing the computer mail message capabilities.

However, costs for utilities and heating fuels have also increased over 40% for which no additional monies were provided for FY80. Additional buildings usage, for which no monies are available for maintenance/operation in the FY80 budget, have also been put into operation at Anchorage, Kuskokwim and Nome.

A supplemental appropriation in the amount of \$445.6 is being requested to cover these increased costs for utilities and heating fuels which cannot be absorbed in the current FY80 operating budget.

The proposed distribution of this money is shown below:

<u>BRU</u>	<u>AMOUNT</u>	
UA/Fairbanks (includes TVCC)	\$292.0	
UA/Anchorage (includes ACC)	70.0	
UA/Juneau	27.0	
CC-Chukchi	4.5	
CC-Kenai Peninsula	1.4	
CC-Ketchikan	4.7	
CC-Kodiak	15.0	
CC-Kuskokwim	<u>13.8</u>	13.8
CC-Mat Su	6.9	
CC-Northwest	<u>7.7</u>	7.7
CC-Sitka	2.6	
Total	\$445.6	

Comments:

On October 10, 1979 sewage began seeping to the surface south of the old Nenana Highway near the UAF agricultural station. The cause was determined to be deterioration of the sewage line that connects the station with the College Utilities collector system. Upon excavation, it was discovered that the line had disintegrated, being in place for 50 years and made of thin-walled steel pipe.

The university proceeded immediately to hire an engineer to develop a design with bid specifications. Bids were opened on October 23, 1979, and the project was completed on November 26, 1979. The total cost of the project was \$101.9 which includes construction, engineer's fees, and administration.

The University of Alaska does not currently have any funds budgeted for this repair work either in the operating budget or as a capital project, thus a supplemental request in the amount of \$101.9 is being submitted.