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State returns \$94,000 to University

By CAROLYN BEAVER
Of the Emerald

For the first time, interest earned on student deposits and agency account balances will be returned to state colleges and universities, the University is scheduled to receive approximately \$94,000.

The Oregon State System of Higher Education decided in October to distribute the interest to each state institution based on the amount invested.

The administration delegated Molly Devlin, ASUO vice-president and Ralph Sutherland, University Management and Budget director, to decide where the money

should go. Sutherland and Devlin decided the majority would go to ease the EMU's deficit and cash-flow problems.

They appropriated \$89,000 to the EMU and \$5,000 to the Incidental Fee Committee's (IFC) emergency reserve account. Devlin says every year the EMU operates with a deficit. The appropriation "should be enough push to allow the EMU to operate in the black."

Traditionally, the interest money from all schools is pooled and credited to Oregon's general treasury fund. The money is accrued interest on tuition deposits, dormitory deposits, student deposits and school organization deposits.

Actually, the \$94,000 is interest from two fiscal years. In the 1976-77 fiscal year, the University's total interest was \$47,029. The estimated interest for 1977-78 is \$47,000. Should the actual amount be lower, the EMU will not receive the full \$89,000.

In the future, the interest money "will be applied to the inflationary impact on the IFC," says Devlin. The money given to the IFC will enable them to keep their fee at \$31 for the next few years. "With every other fee constantly going up, it's nice to be able to keep it at the same level," says Devlin.

Devlin says the funds went to the EMU instead of to students this year be-

cause the EMU's annual deficit has to be paid by student funds at some time and "hopefully this will be a big enough push so that in future years the EMU will be able to operate without a deficit."

Other state schools will receive various amounts of money. For the 1976-77 fiscal year, Oregon State University interest will be \$48,000, Portland State will be \$13,980 and Southern Oregon State will be \$8,961. Each school will receive approximately the same amount for the 77-78 fiscal year. The total 76-77 interest is \$139,267, divided between 10 universities, colleges and institutions.



Photo by Steven Scher

The Oregon drought was officially over with December's record rains, but offshore fronts persist in bringing more. This motorist braved over a foot of water at 24th and Harris Streets, while drivers of large U.S.-made autos waited in line to bypass the flood. Dick Meier of the National Weather Service reports that some daily rainfalls in late December were 300 percent of normal. With the ground-saturation point long since reached, the overflow ends up on Eugene's pavement.

A Volkswagen float to go, please

Administrator criticizes HEW audit

By RICHARD SEVEN
Of the Emerald

"The requirements attached to federal grants cause the University a nightmare of petty management details," says Ray Hawk, vice-president for administration and finance.

Hawk, responding to the HEW department's \$160,000 fine against the University because of faulty bookkeeping and unauthorized transfers of funds, says the problem was not one of non-compliance, but rather perceived procedural errors in carrying out the federally-funded work.

"People are different," Hawk says. "Some are better bookkeepers than others. There just can't be a set scheme of procedural regulations because of the many deviations. The important question is — did we fulfill the mission they asked of us?"

Hawk says the latest wave of federal reg-

ulations require a strict accountability of all work connected with federal grants.

"The federal regulations are forcing us to push a timeclock," Hawk says. "We are required to keep careful track of the amount of time we spend on federal work as opposed to other work. The same goes for the helpers in a federal project. This means less time and money can be put into what the grants require and more money is put into filling out reports and keeping track of hours."

Hawk disagrees with the "spot check" system used by the HEW auditors in determining the indirect cost of a project.

The auditors took a sample of time cards from University employees working on federal grant projects for the month of February. Upon finding a discrepancy between the employee time cards and the supervisor time sheets, the auditors then multiplied the difference with the 48 months since the last time they had checked up on the process.

"This kind of spot checking represents a horror of accountability," says Hawk. "It's based on an assumption if February wasn't a good month, then the rest of the months also had to be bad. This type of scientific polling can become a dangerous money game."

The auditors originally cited the University on 56 cases of sample errors in bookkeeping for the programs, totaling about \$2 million. However, after some negotiating in Maryland with the National Institute of Health, the University fine was decreased to \$160,000 on six charges.

Hawk says University officials still didn't agree with the fine, but decided to pay the settlement anyway.

"When you're talking about federal funds totaling about 16 or 18 million dollars, you see they hold all the cards because they're doing the dealing," Hawk says. "They can say, 'Well, we'll just hold this 2 or 3 million dollars in grants until this mess is cleared up and there isn't much you can do.'"

Hawk also reveals that much of the federal grant money provides for research assistance by graduate students. The loss of these grants could severely hinder the graduate school, he says.

The audit covered areas of payroll distribution, technical report omission, cost transfer and maintenance of federal equipment. All six infractions were cited in payroll infractions.

Don Howard, who administers research grants for the Business Office, says a new system is being developed to ensure greater accuracy in reviewing employees work time on federal projects. Instead of having a supervisor estimate how many hours of work an employee does in a month, both the supervisor and the employee will now review the time worked.

In addition to the University, Oregon State University, University of Washington, University of California at Berkeley and 39 others have either been cited by the auditors or are currently being reviewed.