

University of Alaska

FY18 Budget Overview

Senate Finance Committee
February 16, 2017

Constitution & Statutes

✧ AK Const. Art. 7, § 2 State University

University of Alaska is hereby established as the state university and constituted a body corporate. It shall have title to all real and personal property now or hereafter set aside for or conveyed to it. Its property shall be administered and disposed of according to law.

✧ AK Const. Art. 7, § 3 Board of Regents

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

✧ Alaska Statutes Title 14 Chapter 40

AS 14.40.10 – AS 14.40.817 govern the University of Alaska

University Mission

"The University of Alaska inspires learning, and advances and disseminates knowledge through teaching, research, and public service, emphasizing the North and its diverse peoples."

Regents' Policy 01.01.01

University Mission

✧ Education

Academic and vocational instruction



✧ Research

Scientific and academic research, advancing knowledge basic and applied



✧ Service

Sharing knowledge to address Alaska's community needs



100 Years of Service

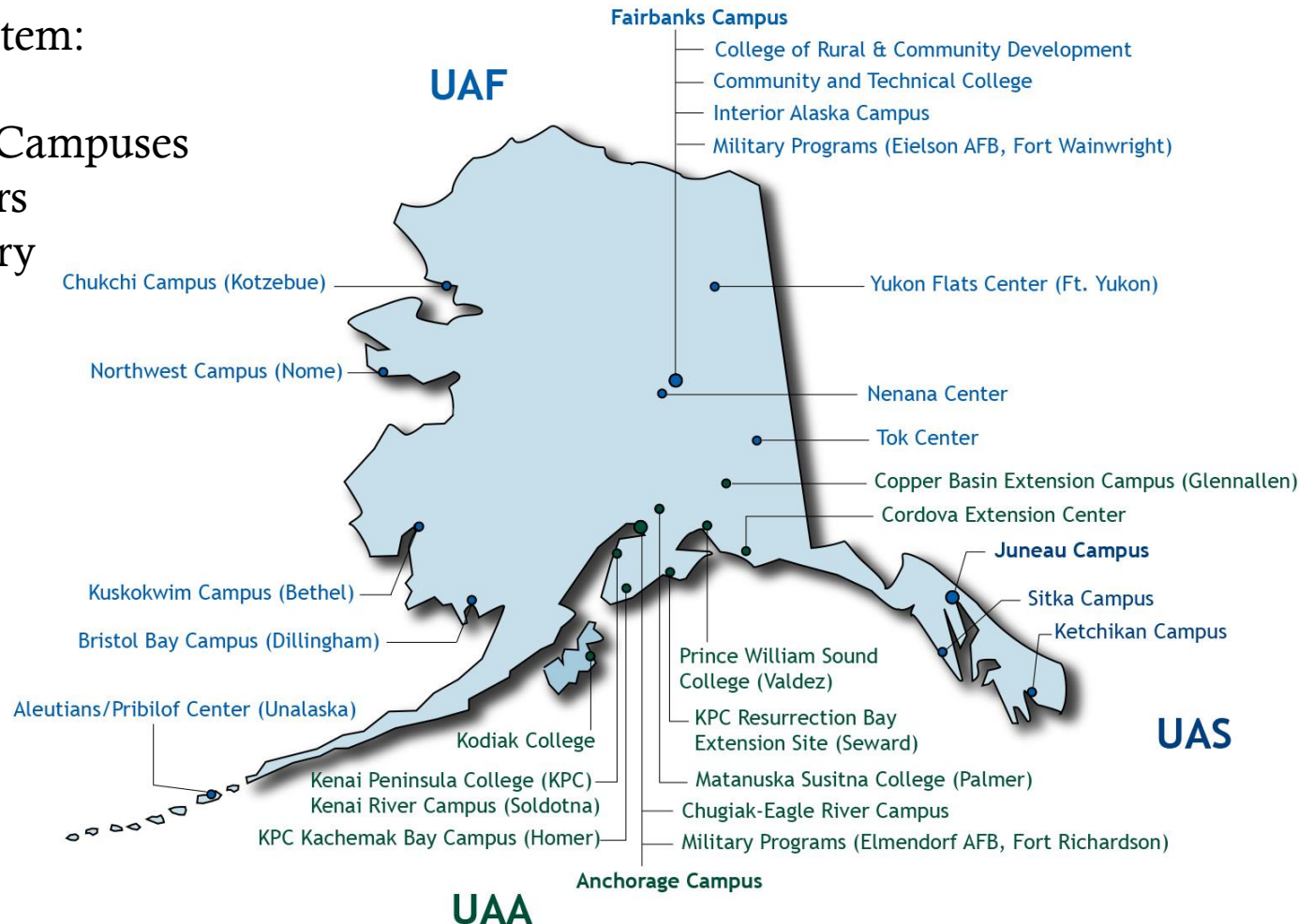
Established in 1917 as the Alaska Agricultural College and School of Mines, today:

- ✧ One campus in 1922 – 15 statewide campuses today
- ✧ One graduate in 1923 – 4,800 graduates in 2016
- ✧ Alaska's #1 higher education institution – in education, research, and workforce preparation
- ✧ America's #1 higher education institution - affordability
- ✧ World's #1 research university on the Arctic

Serving All Alaskans

One Integrated System:

- 3 Universities
- 12 Community Campuses
- Outreach Centers
- Distance Delivery



Alaska Sized Benefits

A major economic engine in Alaska generating direct and indirect benefits:

- ✧ 15,740 jobs result from University activities
- ✧ \$1.1 billion in annual economic/employment impacts statewide
- ✧ \$43.7 million in economic impacts to rural Alaska alone
- ✧ \$1 of investment generates \$3 in economic activity
- ✧ \$1 of state research investment generates \$4.1 in research dollars

Research Diversity & Service

- ✧ The university is home to more than 60 research centers addressing critical issues important to Alaskans, our lifestyle and our economy
 - ✧ Geophysical Institute
 - ✧ Institute of Social and Economic Research
 - ✧ Institute of Arctic Biology
 - ✧ Arctic Domain Awareness Center
 - ✧ Alaska Center for Energy and Power
 - ✧ Institute for Circumpolar Health Studies
 - ✧ Alaska Volcano Observatory
 - ✧ Ocean Acidification Research Center
 - ✧ Center for Behavioral Health Research and Services
 - ✧ Alaska Coastal Rainforest Center
 - ✧ Center for Alaska Native Health Research

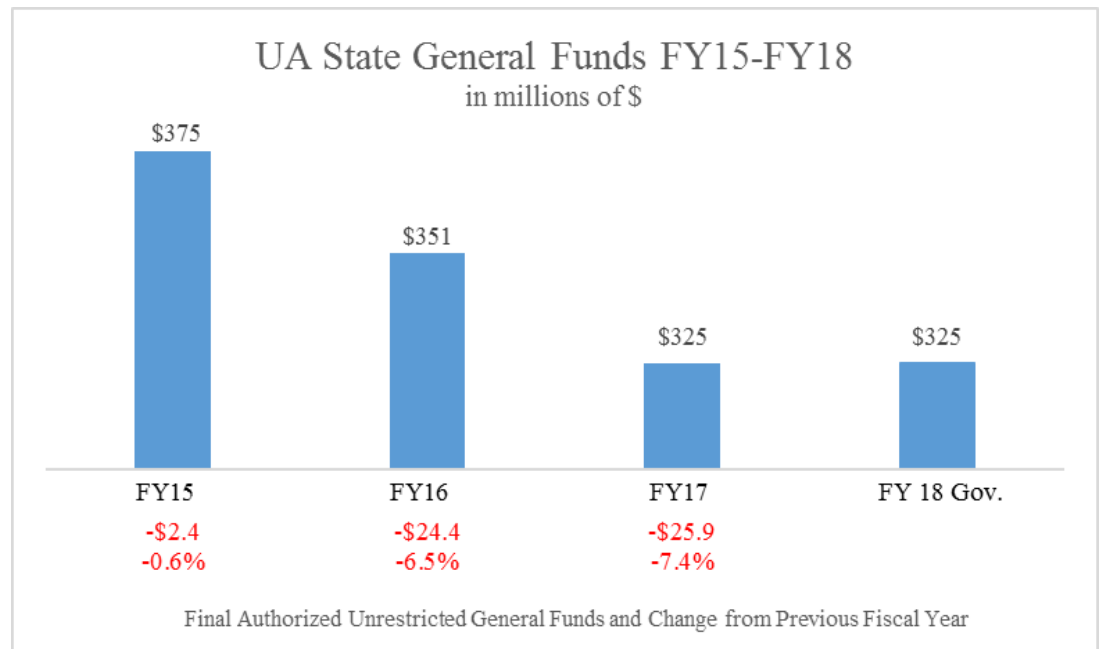
Challenges

- ✧ Geography – location, size, regionalism
- ✧ Students – low high school graduation rate, low college going rate, low college completion rate, half require developmental education
- ✧ Economy – high in natural resources - low in “new economy”, historically high wage to education ratio, industry workforce gaps
- ✧ Structure – 4 administrative structures, 3 institutional accreditations, geographic spread
- ✧ Budget – heavy reliance on resource-dependent state funding, 3rd year of budget reductions
- ✧ Revenue – private giving, comparatively low tuitions, land grant deficit

State Budget Reductions

The university's budget has been reduced \$53 M (14 percent) over the past three years.

The overall institutional impacts are greater than just the reduction of programs and personnel.



Budget Reduction Impacts

✧ Jobs impacted

- ✧ Cumulative FY15-FY17 headcount reduction: over 900
- ✧ More than 250 reduced assignments or increased workload

✧ Academic program reductions

- ✧ Since January 2016, 50 academic programs eliminated or suspended
- ✧ Fewer sections and larger class sizes
- ✧ Increases in faculty instructional workloads

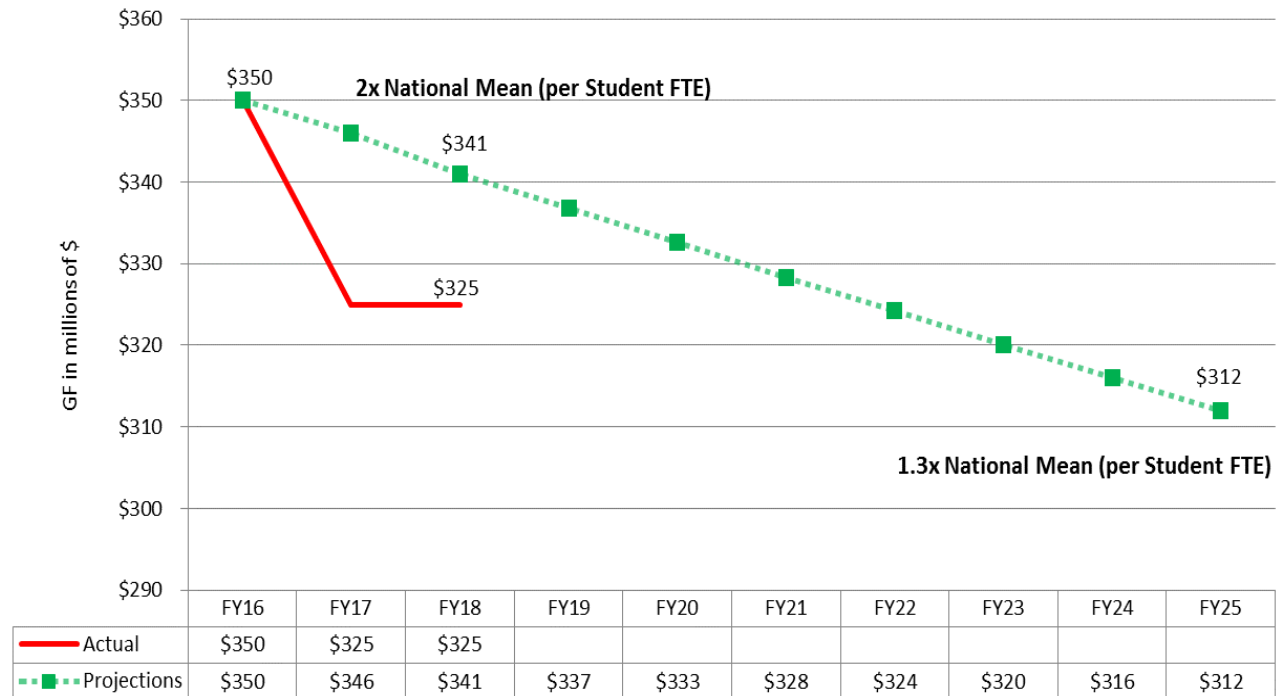
✧ Administrative function consolidation and service reductions

- ✧ Closed Galena, McGrath, & Shishmaref Learning Centers
- ✧ Reduction of faculty travel and professional development funding
- ✧ Reduced research faculty start-up/seed availability
- ✧ Telecommunications contract cost reduction
- ✧ Reduced owned & leased space; defeased & refinanced debt

10-Year Glide Path Framework

The University's 10-year framework uses benchmarked goals to incorporate gradual, sustainable reductions in state general fund appropriations while increasing university revenues through enrollment and diversified revenue

Moderating State General Fund Support



FY18 Governor's Budget Highlights

- ✧ Level funding over last year: \$325 M UGF
- ✧ Reduction in Receipt Authority: \$17 M – University \$10 M, Fed \$7 M
- ✧ Tuition rate increase (~5%) : ~\$5 M in revenue
- ✧ Reduction in PCNs: 225 positions

Program Areas

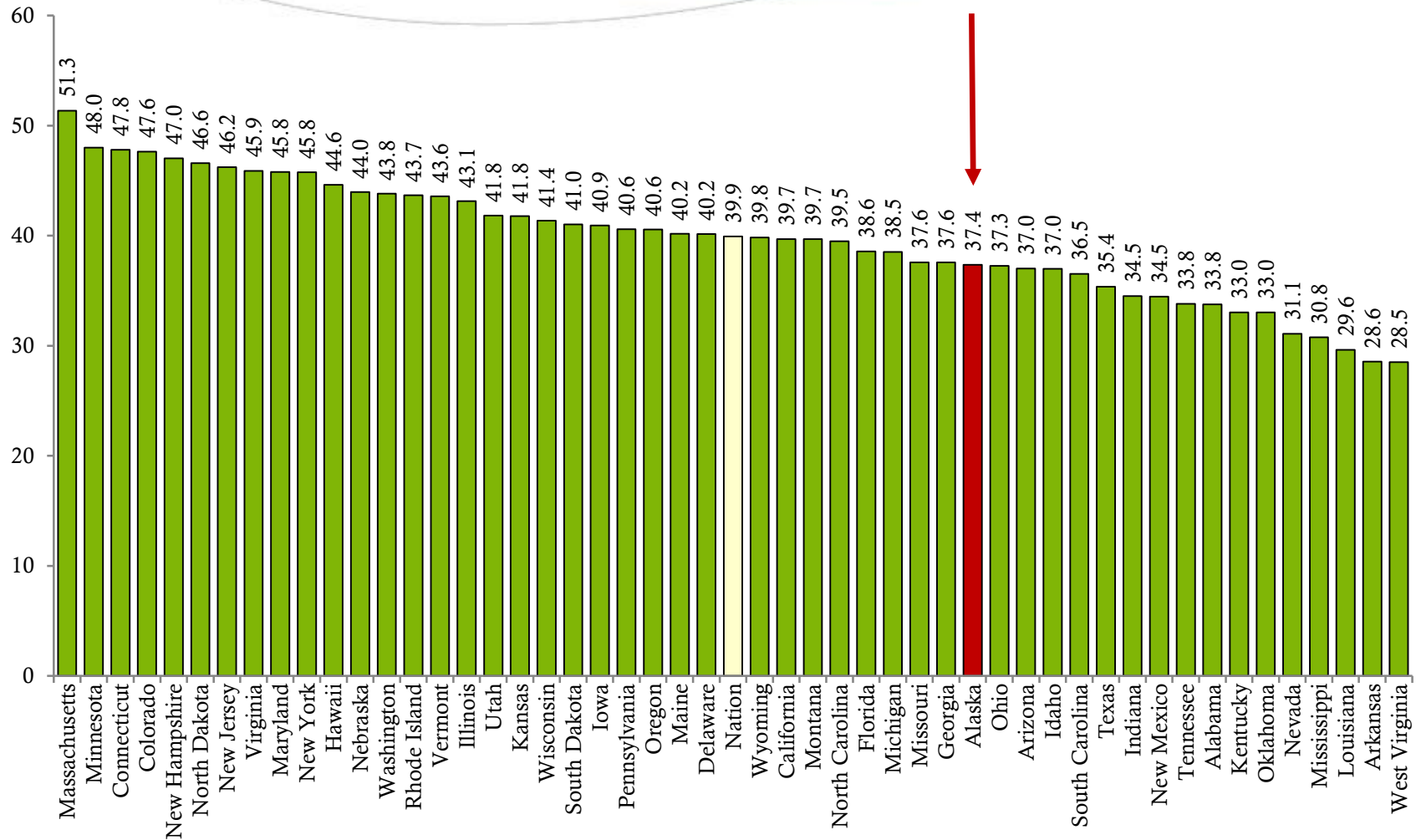
Program Area	Description	Budget	# of Employees	# of Alaskans Served	Costs recuperated	Importance to mission	Rating of effectiveness
Student Instruction	Programs for academic and vocational instruction, as well as directly related support functions: student services; academic support; scholarships; athletics; and library.	UGF: \$259 M DGF: \$252 M Other: \$63 M Fed: \$62 M Total: \$635 M	Full time: 3,228 Part-time: 156	Delivered 566,250 credit hours to 30,496 students, and conveyed 4,794 degrees, certificates and endorsements in FY2016.	Student tuition and fees covered approximately 16% of UA total expenditure in FY2016.	Commitment to meeting the state's need for trained professionals. In FY2016, UA awarded 3,154 degrees in high demand job areas.	Expanded e-Learning course delivery by an increase of 48 percent since FY2012. In addition, 90 programs can be completed fully online by e-Learning.
Research	This program category represents scientific and academic research. The majority of funded research is externally sponsored by the federal government.	UGF: \$35 M DGF: \$59 M Other: \$15 M Fed: \$80M Total: \$189 M	Full-time: 749 Part-time: 34	Invention disclosures (lead to commercialization of technologies valuable to inventors, the university, and state citizens) average 58 per year over 5-years.	In FY2016, each state dollar appropriated to UA research generated \$4 in revenue from other sources.	Research focused on the opportunities and challenges unique to our state helps identify new economic opportunities.	Invention disclosures increased four-fold from FY2012.
Service	Activities that make available unique UA resources and capabilities in response to specific community needs or issues.	UGF: \$31 M DGF: \$26 M Other: \$9 M Fed: \$9 M Total: \$75 M	Full-time: 311 Part-time: 17	4-H program: 17,000 youth Cooperative Extension Service: 155,412 publications sold or distributed; 21,903 publications downloaded	Course fees Publication sales Donations Partnerships	Provides a link to communities by interpreting and extending relevant research-based knowledge in an understandable and usable form.	Serves some 80,000 Alaskans annually

Education Imperative

65% by 2025

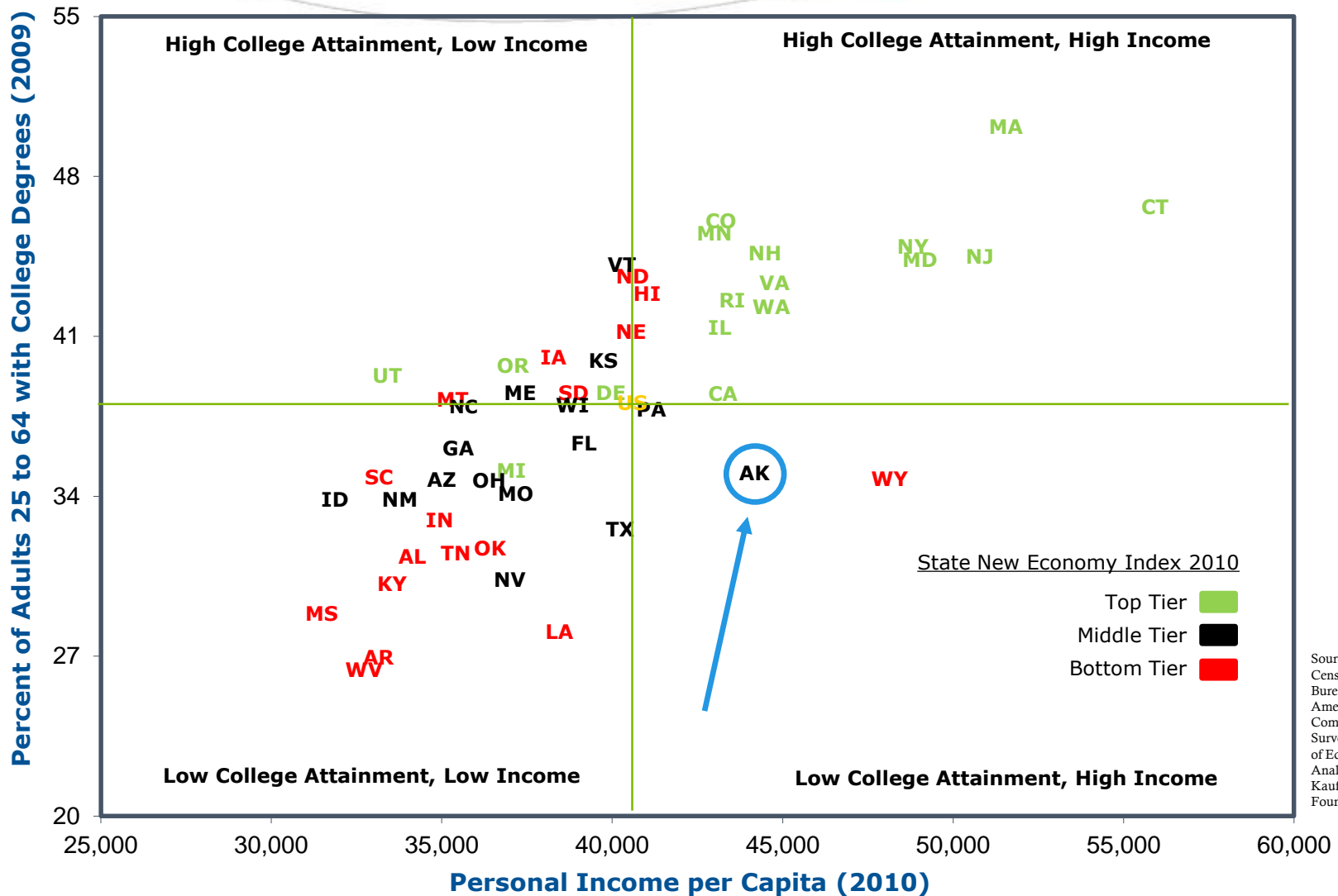
- ✧ By 2025, 65% of Alaska jobs are expected to require some postsecondary education; current attainment is 37%.
- ✧ UA's long-term goal is to support Alaska's evolving workforce needs by producing more graduates and developing a stronger culture of education.

Percent of 25-64 Year Olds with College Degrees – Associate and Higher, 2013



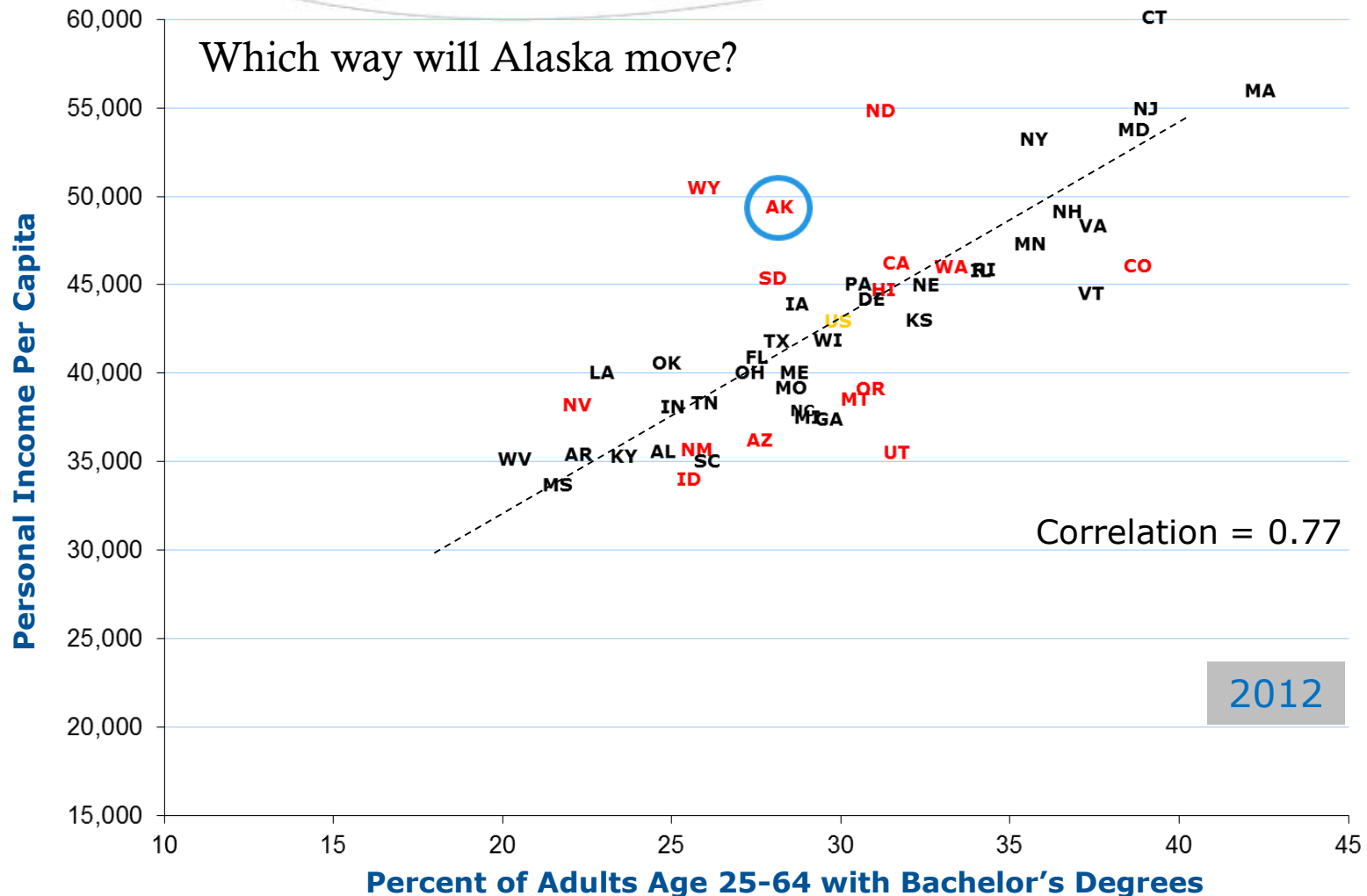
Source: U.S. Census Bureau, 2013 American Community Survey 1-Year Public Use Microdata Sample.

Education and Income



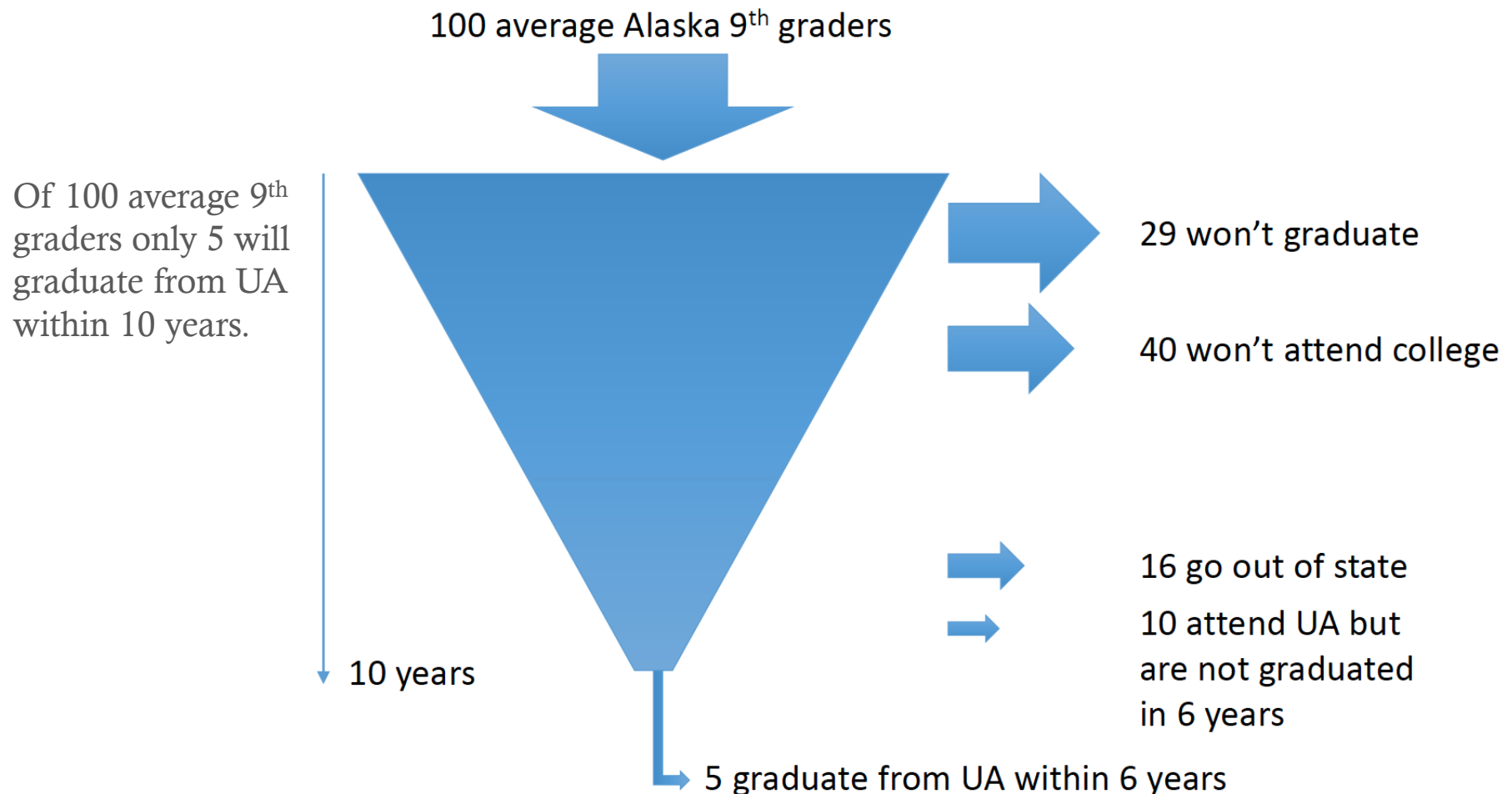
Source: U.S. Census Bureau, 2010 American Community Survey; Bureau of Economic Analysis; Kauffman Foundation

Education and Income



Source: U.S. Census Bureau, 2010 American Community Survey; Bureau of Economic Analysis; Kauffman Foundation

Alaska's Brain Drain



Strategic Pathways

- ✧ Our economy is experiencing a historic transition and the state's finances are being stressed – we must find ways to serve our purpose as cost effectively as possible.
- ✧ Strategic Pathways is the framework we are using to improve our service to the state.

Strategic Pathways

How do we optimize our university system to achieve our higher educational goals for Alaska?

OUR MISSION		"The University of Alaska inspires learning, and advances and disseminates knowledge through teaching, research, and public service, emphasizing the North and its diverse peoples." (Regents' Policy 01.01.01)		
OBJECTIVE		Maximize value to Alaska through excellent, accessible, and cost effective higher education funded by diverse and growing revenue sources		
CORE PRINCIPLES		Focus, Access, Diversity, Excellence, Consistency, Fiscal Sustainability		
STRATEGY		Prepare, Restructure, Implement, Refine		
WHO WE ARE		UA ANCHORAGE Comprehensive metropolitan university in Alaska's economic hub	UA FAIRBANKS Research university renowned for leadership in Arctic and the North	UA SOUTHEAST Comprehensive university focused on e-Learning & interdisciplinary studies
CAMPUS LEAD FOR THE STATE*	Research	Social and economic sciences, health	Arctic, physical, and natural science; engineering, applied energy	Interdisciplinary / environmental
	Teaching	<ul style="list-style-type: none"> • Health professions** • Social and economic sciences** • Business and public policy • Engineering • Logistics • Project Management 	<ul style="list-style-type: none"> • Physical, natural, and related sciences** • Arctic / Northern Studies • Management • Engineering • Rural development / tribal mgmt • Doctoral education • Mine training** • Fisheries** 	<ul style="list-style-type: none"> • Marine Biology/fisheries (undergraduate)** • Teacher education • Marine trades • Mine training** • Interdisciplinary degrees/ degree completion
	Outreach	<ul style="list-style-type: none"> • Aligned with Research and Teaching Focus 		
COURSES / PROGRAMS AVAILABLE ACROSS THE UNIVERSITY SYSTEM		<ul style="list-style-type: none"> • Common General Education Requirements • Liberal Arts and Humanities** • Nursing** • Distance Education** • Career and Technical Education (Community Campuses)** • Alaska Native Studies • Teacher Education • Management • Wide choice of non-major courses • Dual credit with K-12 • Developmental Education 		

* To the extent areas of research, teaching, and outreach at campuses other than the "lead" campus may be high quality, cost effective, and core to mission, they may continue to be supported.

** Under review Winter 2016 / Spring 2017.

Initial Outcomes/Directions

- ✧ Consolidation of 3 research administration offices into 1;
- ✧ Consolidation of 3 procurement offices into 1;
- ✧ Consolidation of information technology (IT) functions at each of the universities, with governance at Statewide;
- ✧ Collaboration and efficiencies between the two schools of engineering;
- ✧ Collaboration between the UAA and UAF management and business programs;
- ✧ Consolidation of the UAS management programs into the School of Arts and Sciences;
- ✧ Consolidation of three schools of education into one at UAS, serving all of UA

Investment Priorities

✧ Student Success – *Retention & Recruitment*

- ✧ Extend recruitment to attract more students and target Alaskans with some college but no degree
- ✧ Expand localized programs proven successful in retaining students and improving graduation rates
- ✧ Increase scholarship opportunities and expand Honors College to attract top-quality students

✧ Workforce Development

- ✧ Expand programs to meet state workforce goal (65% by 2025) including nursing, engineering, maritime trades/fisheries, and process technology

✧ Facilities Maintenance

- ✧ A multi-year plan to incrementally increase the annual funding dedicated to facilities maintenance (current and deferred), to slow the accumulation of deferred costs and reduce the risk of localized mission failure.

✧ Research

- ✧ Grow competitive capacity and invest in critical research for Alaska at ISER and ACEP
- ✧ Sustain world-class leadership of Arctic research

✧ Economic Development and Diversification

✧ K-12 Partnership

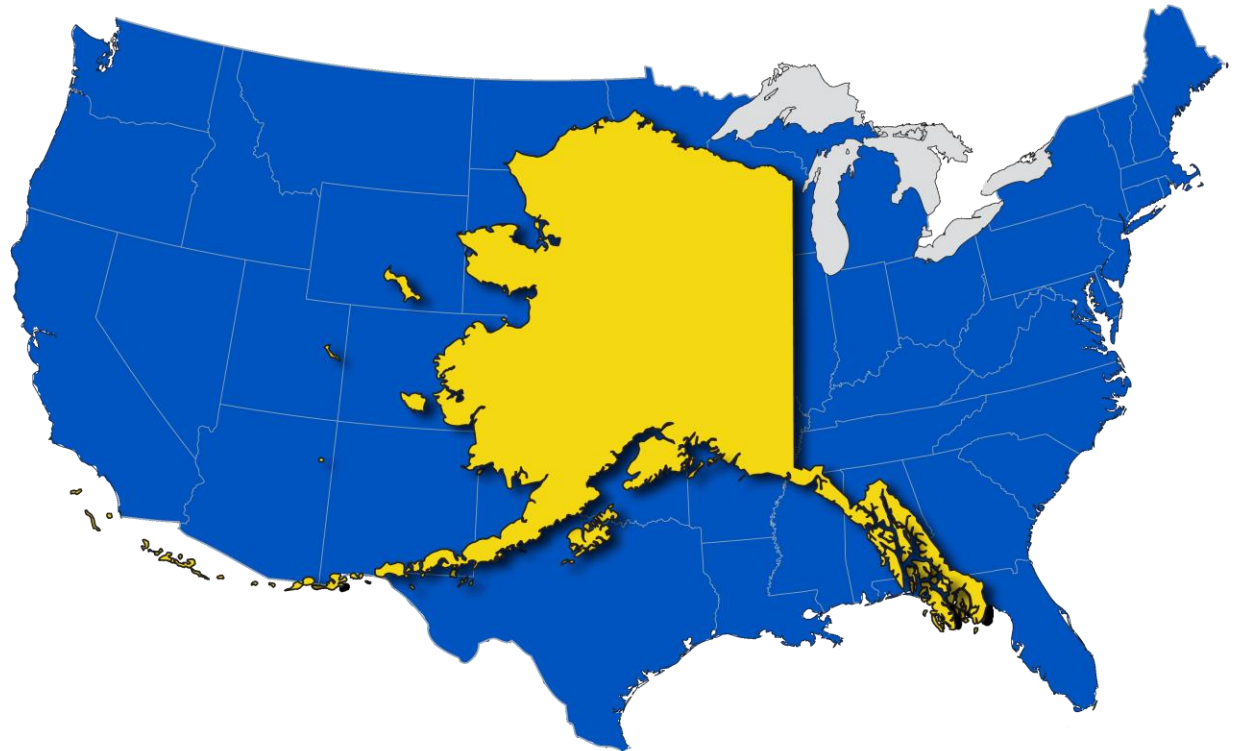
- ✧ ANSEP, teacher education, standards alignment, and dual enrollment

Key Research Initiatives

- ✧ Build upon our well-established reputation as the powerhouse in high latitude and Arctic research
- ✧ Serve our state and nation by addressing critical issues related to our strategic global position
- ✧ Expand economic development and diversity in Alaska by increasing discoveries, patents and business partnerships
- ✧ Assist our military in developing the domain awareness to function capably and safely in the Arctic
- ✧ Improve the lives of Alaskans through research in health and social sciences

Landless University

- ✧ Only Delaware received a smaller public land grant than Alaska
- ✧ UA received approximately 110,000 acres of land
- ✧ UA has a 360,000 acres land grant deficit



It Takes a Great University to Create a Great State

- ✧ It is a simple truth all over the world, past and future
- ✧ The University of Alaska is committed to making it happen in Alaska
- ✧ It must happen if Alaska is to have a bright and prosperous future

