

# University of Alaska

## *FY18 Budget Overview*

Senate Finance University Subcommittee  
February 23, 2017

# Economic Driver

Your university is not just Alaska's primary education institution, but an important public investment in building a diverse, robust and competitive Alaskan economy:

- ✧ Meeting workforce imperative – 65% by 2025
- ✧ Sustaining world leadership in high latitude and Arctic research
- ✧ Researching Alaska-specific public policy issues
- ✧ Increasing scientific innovation, business development and industry partnerships

# Strategic Pathways

- ✧ Our economy is experiencing a historic transition and the state's finances are being stressed – we must find ways accomplish our mission as cost effectively as possible.
- ✧ How do we optimize our university system to meet Alaska's needs?
- ✧ Strategic Pathways is the framework we are using to improve service delivery to the state.

# Strategic Pathways

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

# Strategic Pathways

|                         | Phase 1<br>Summer 2016  | Phase 2<br>Fall 2016   | Phase 3<br>Winter/Spring 2017   |
|-------------------------|---|--|---|
| Academic Programs       | <ul style="list-style-type: none"> <li>• Engineering</li> <li>• Management, Business, Public Administration</li> <li>• Teacher Education</li> </ul> | <ul style="list-style-type: none"> <li>• Community Campuses</li> <li>• E-Learning</li> <li>• Health</li> <li>• Fisheries</li> </ul>                              | <ul style="list-style-type: none"> <li>• Arts &amp; Humanities</li> <li>• Social &amp; Natural Sciences</li> <li>• Mine Training</li> </ul> |
| Administrative Services | <ul style="list-style-type: none"> <li>• Procurement</li> <li>• Athletics</li> <li>• Research Administration</li> <li>• Info Technology</li> </ul>  | <ul style="list-style-type: none"> <li>• Human Resources</li> <li>• Institutional Research</li> <li>• University Relations</li> <li>• Student Affairs</li> </ul> | <ul style="list-style-type: none"> <li>• Finance</li> <li>• Risk Management</li> <li>• Land Management</li> <li>• Facilities</li> </ul>     |

# Strategic Pathways

|   | February   | March  | April                                 | May                                 | June  |
|---|--|--|---------------------------------------|-------------------------------------|---|
| BOR Public Testimony & Gatherings   | Feb. 21 Testimony  | March 2 Gathering  |                                       | May 22 Testimony                    | June 1 Gathering  |
| Board of Regents Meetings   |  | March 2-3, Anchorage   |                                       |                                     | June 1-2, Fairbanks   |
| Summit Team Meetings & Timelines  | Feb. 8 Phase 2 options feedback due  |  | April 11 Phase 3 Options Presentation |                                     |   |
| Campus Meetings with Affected Units*<br><br>*As designated by each Chancellor | Phase 2:<br>Feb. 2 Community Campus Directors;<br>Feb 9 & 10 UAF;<br>Feb 13 & 24 UAA;<br>Feb 17 & 21 UAS<br>Feb. 24 SW | March 1 SW<br>TBD: second set of feedback meetings on Phase 2 at UAA, UAF, and UAS |                                       | Phase 3 Affected Units meetings TBD | TBD: feedback meetings on Phase 3 (will continue through September) |
| Meetings With Governance Groups   | Feb. 10 Faculty Alliance   | TBD  |                                       |                                     | TBD   |
| Meetings With Alumni Associations   |  | TBD  |                                       |                                     | TBD   |
| Campus Forums   |  | TBD  |                                       |                                     | TBD   |
| Community Forums  |  | TBD  |                                       |                                     | TBD   |

Phase II
  Phase III
  Both Phases

# Initial Pathways Outcomes

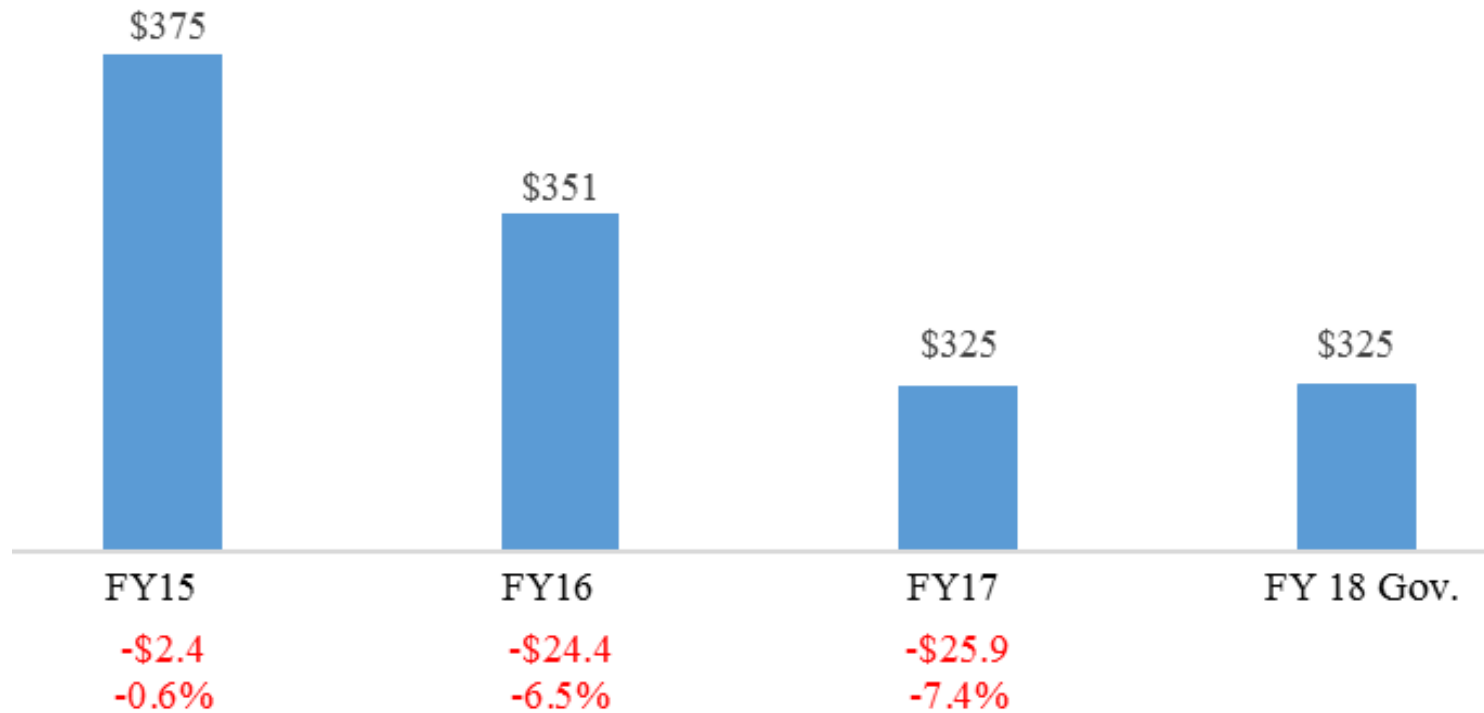
- ✧ 3 research administration offices to 1
- ✧ 3 procurement offices to 1
- ✧ 3 schools of education into 1
- ✧ Single statewide information technology governance, with consolidated functions at each university
- ✧ UAS management programs consolidated into School of Arts and Sciences
- ✧ Collaboration between UAA and UAF engineering programs
- ✧ Collaboration between UAA and UAF management and business programs

# State Budget Reductions

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

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

UA State General Funds FY15-FY18  
in millions of \$



Final Authorized Unrestricted General Funds and Change from Previous Fiscal Year



# 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

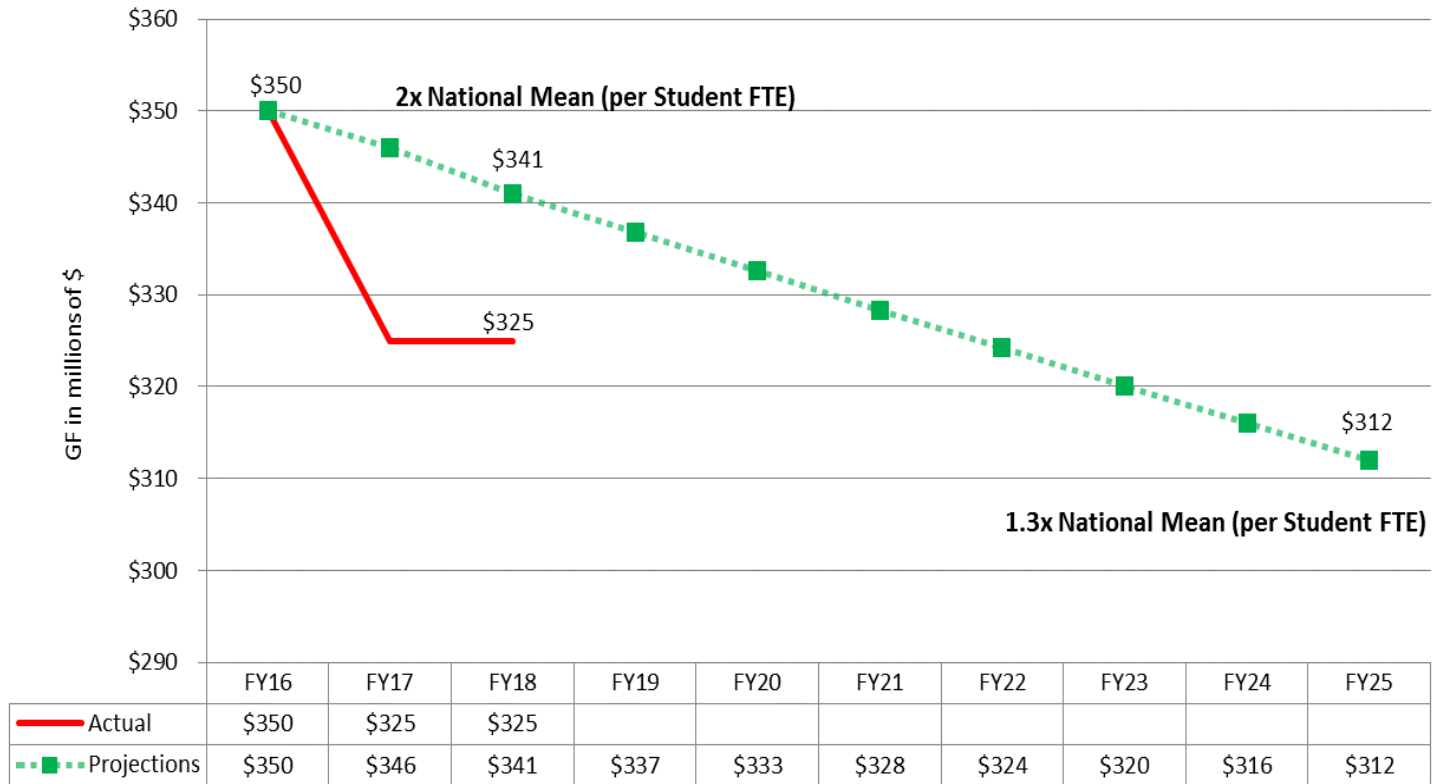
## ✧ Administrative function consolidation and service reductions

- ✧ 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

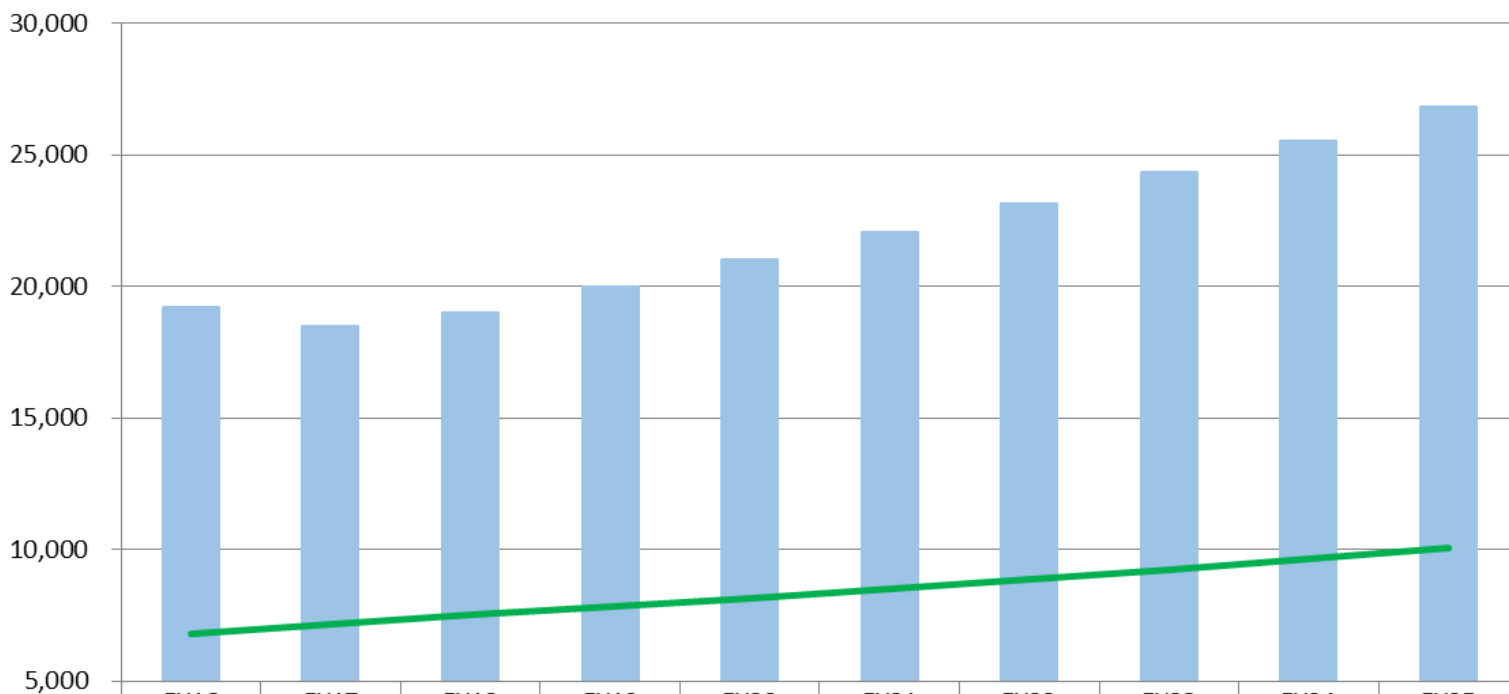
# 10-Yr Glide Path Framework

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



# Enrollment & Tuition Growth



|                        | FY16    | FY17    | FY18    | FY19    | FY20    | FY21    | FY22    | FY23    | FY24    | FY25     |
|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|
| Student FTE            | 19,229  | 18,460  | 19,014  | 19,964  | 21,002  | 22,053  | 23,155  | 24,313  | 25,529  | 26,805   |
| Tuition & Fees per FTE | \$6,806 | \$7,146 | \$7,504 | \$7,826 | \$8,161 | \$8,511 | \$8,876 | \$9,257 | \$9,654 | \$10,069 |

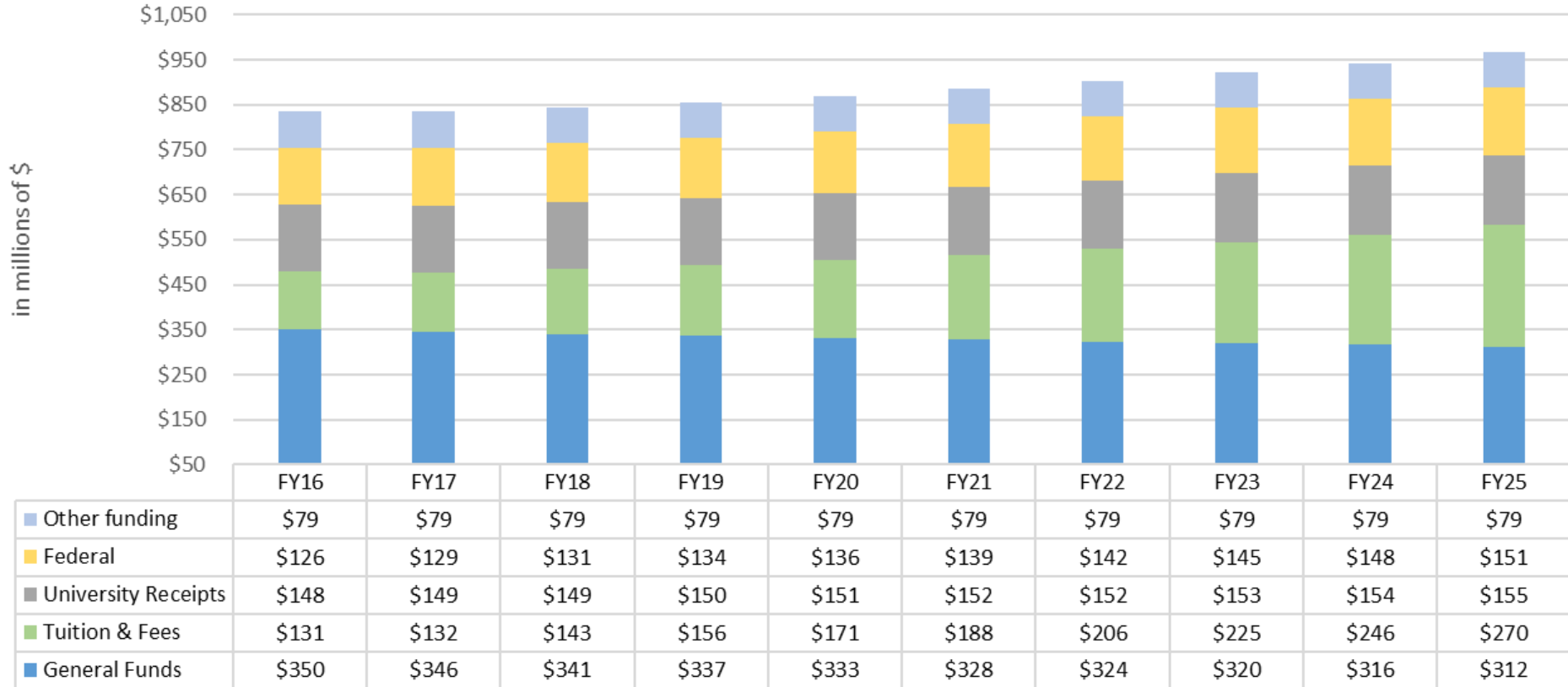
# Revenue Diversification

UA is pursuing a number of strategies to diversify revenues in order to gradually moderate our reliance on general funds:

- ✧ Increase enrollment and retention
- ✧ Increase tuition – WICHE average by 2025
- ✧ Grow research capacity and investments
- ✧ Increase Public Private Partnerships
- ✧ Monetize physical and intellectual property assets
- ✧ Increase philanthropic and corporate giving
- ✧ Improve working capital and endowment returns
- ✧ Use debt more strategically
- ✧ Address federal trust land deficit

# 10-Yr Budget Projection

UA Total Budget by Fund Source 10-yr Projection



# Governor's Budget Highlights

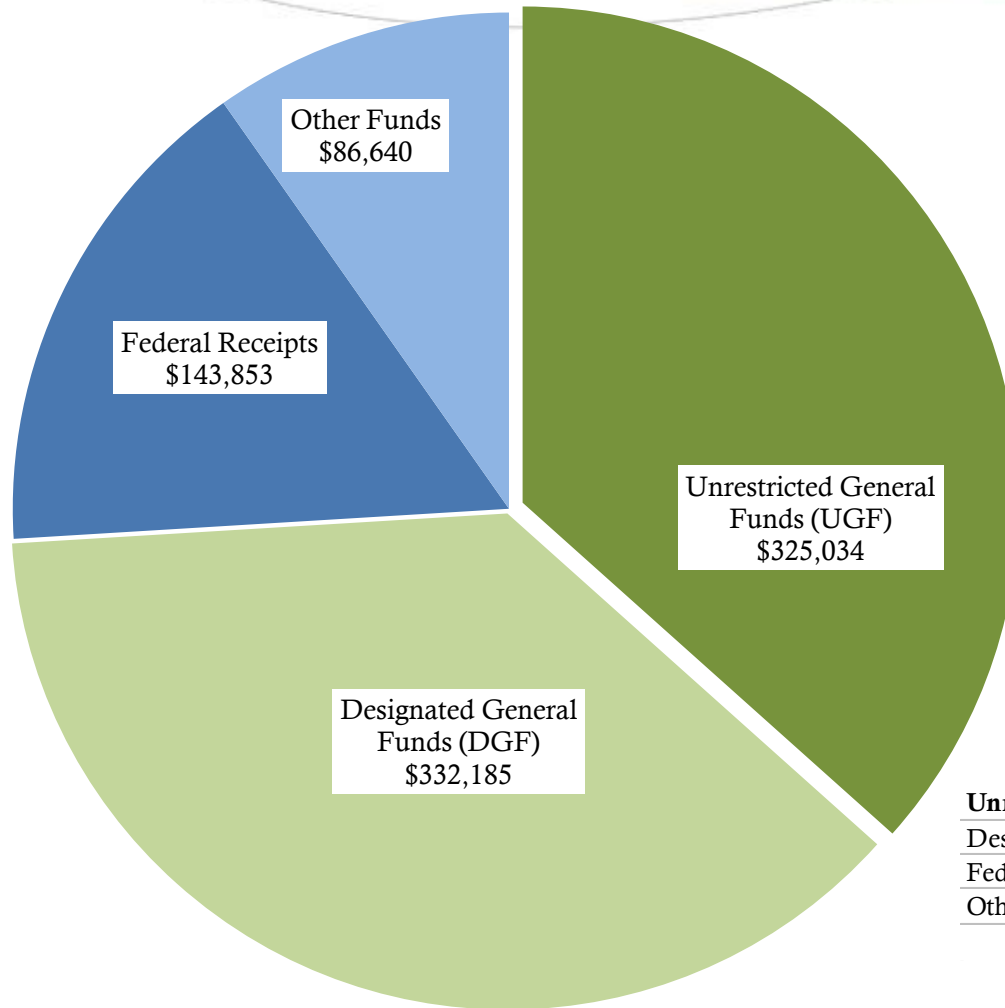
## Changes Over FY17

- ✧ Level funding: \$325 M UGF (*\$16.3 M below Board of Regent's request*)
- ✧ Receipt Authority Reduction \$17 M
  - ✧ Univ Receipts - \$10 M DGF
  - ✧ Federal Receipts -\$7 M
- ✧ Tuition rate increase (~5%): \$5 M
- ✧ PCN reduction: 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<br>DGF: \$252 M<br>Other: \$63 M<br>Fed: \$62 M<br><br>Total: \$635 M | Full time: 3,228<br><br>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<br>DGF: \$59 M<br>Other: \$15 M<br>Fed: \$80M<br><br>Total: \$189 M    | Full-time: 749<br><br>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<br>DGF: \$26 M<br>Other: \$9 M<br>Fed: \$9 M<br><br>Total: \$75 M      | Full-time: 311<br><br>Part-time: 17    | 4-H program: 17,000 youth<br><br>Cooperative Extension Service: 155,412 publications sold or distributed; 21,903 publications downloaded                      | Course fees<br><br>Publication sales<br><br>Donations<br><br>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   |

# FY18 Revenue by Source

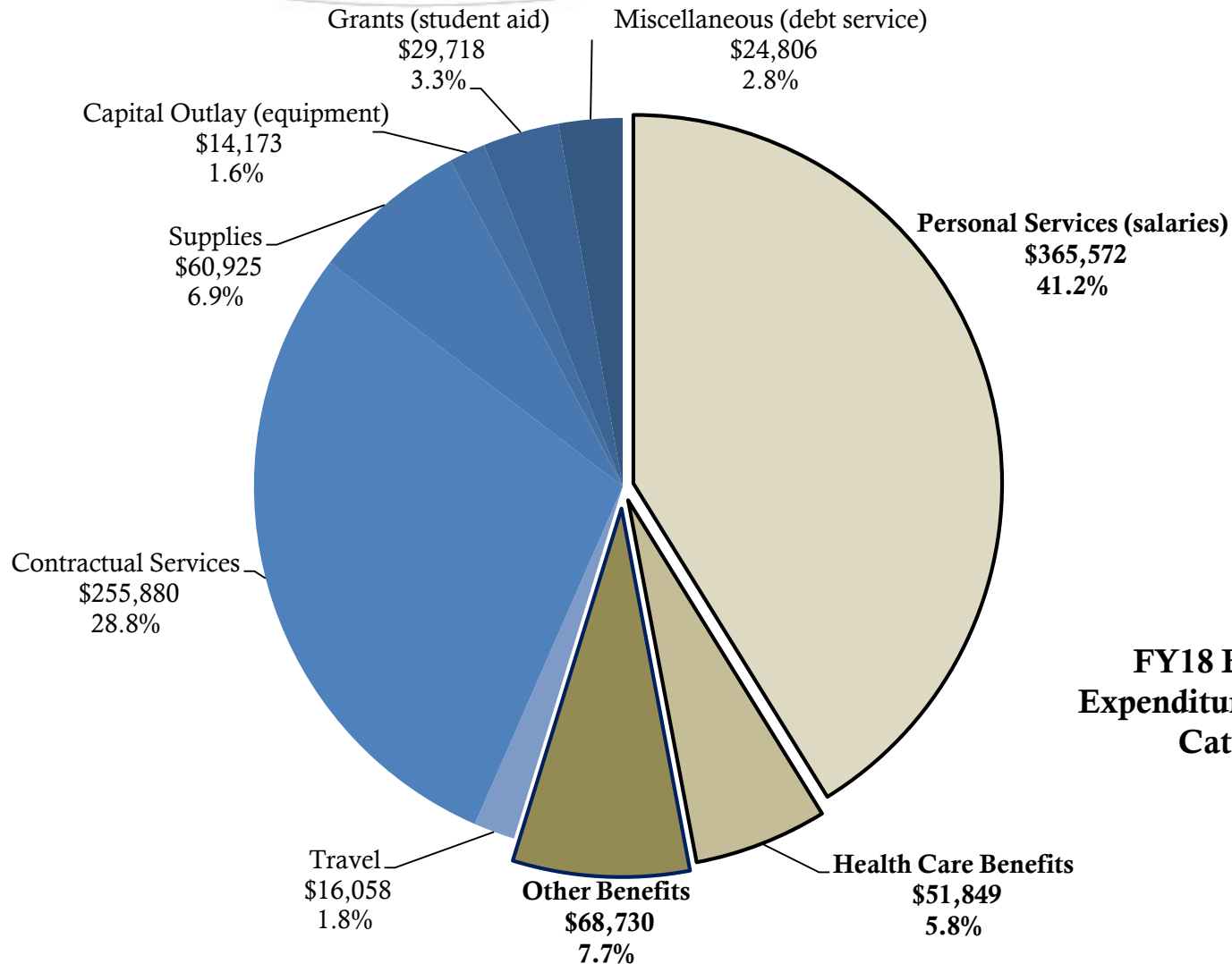


|   |                |            |
|---|----------------|------------|
| <b>Unrestricted General Funds (UGF)</b> | <b>325,034</b> | <b>37%</b> |
| Designated General Funds (DGF)          | 332,185        | 37%        |
| Federal Receipts                        | 143,853        | 16%        |
| Other Funds                             | 86,640         | 10%        |
| Total                                   | 887,711        |            |

FY18 Budgeted Revenue by Major Fund Source



# FY18 Expenses By Type



**FY18 Budgeted  
Expenditures by Major  
Category**

# 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

# 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

