

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




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	• 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 		

Strategic Pathways

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

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* *As designated by each Chancellor	Phase 2: Feb. 2 Community Campus Directors; Feb 9 & 10 UAF; Feb 13 & 24 UAA; Feb 17 & 21 UAS Feb. 24 SW	March 1 SW 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

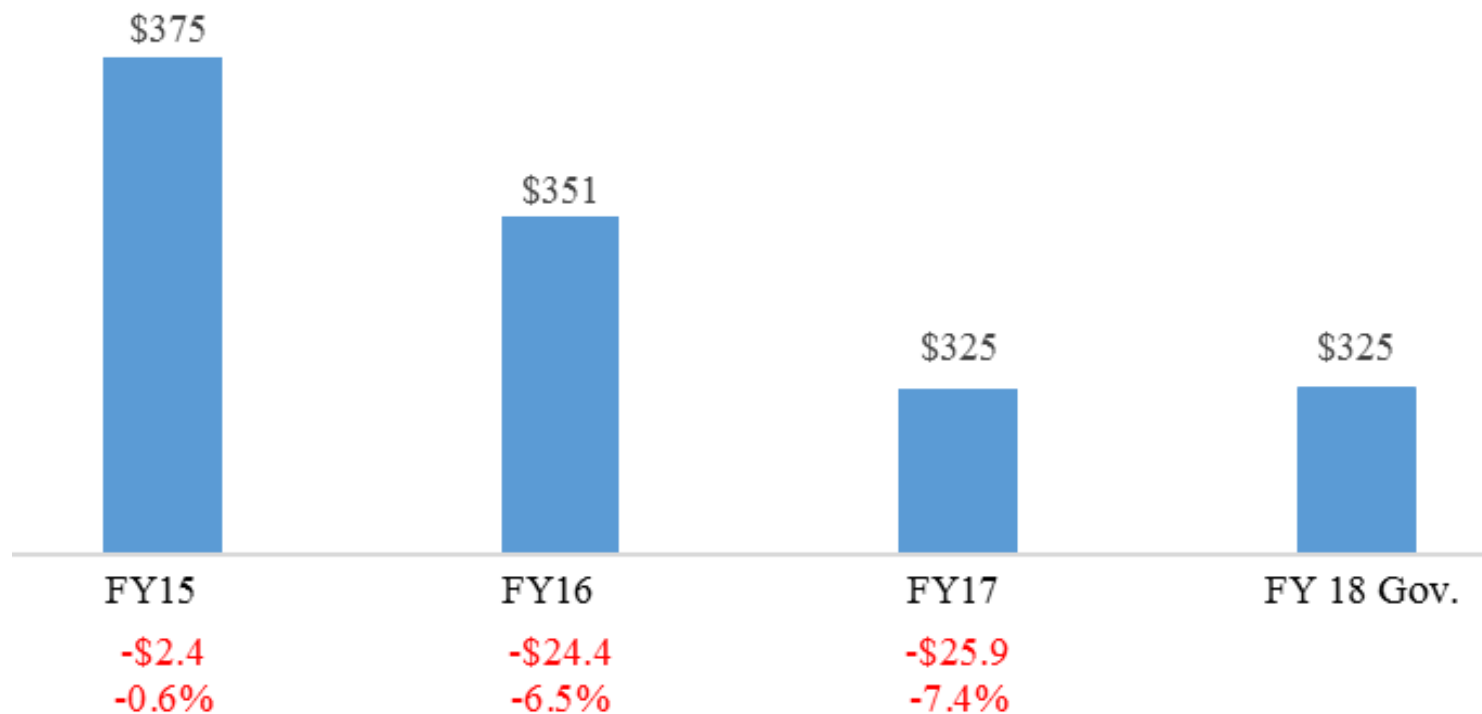
- ✧ 3 research administration offices to 1
- ✧ 3 procurement offices to 1
- ✧ 3 schools of education into 1
- ✧ Single statewide information technology governance, with consolidated functions at each university
- ✧ UAS management programs consolidated into School of Arts and Sciences
- ✧ Collaboration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

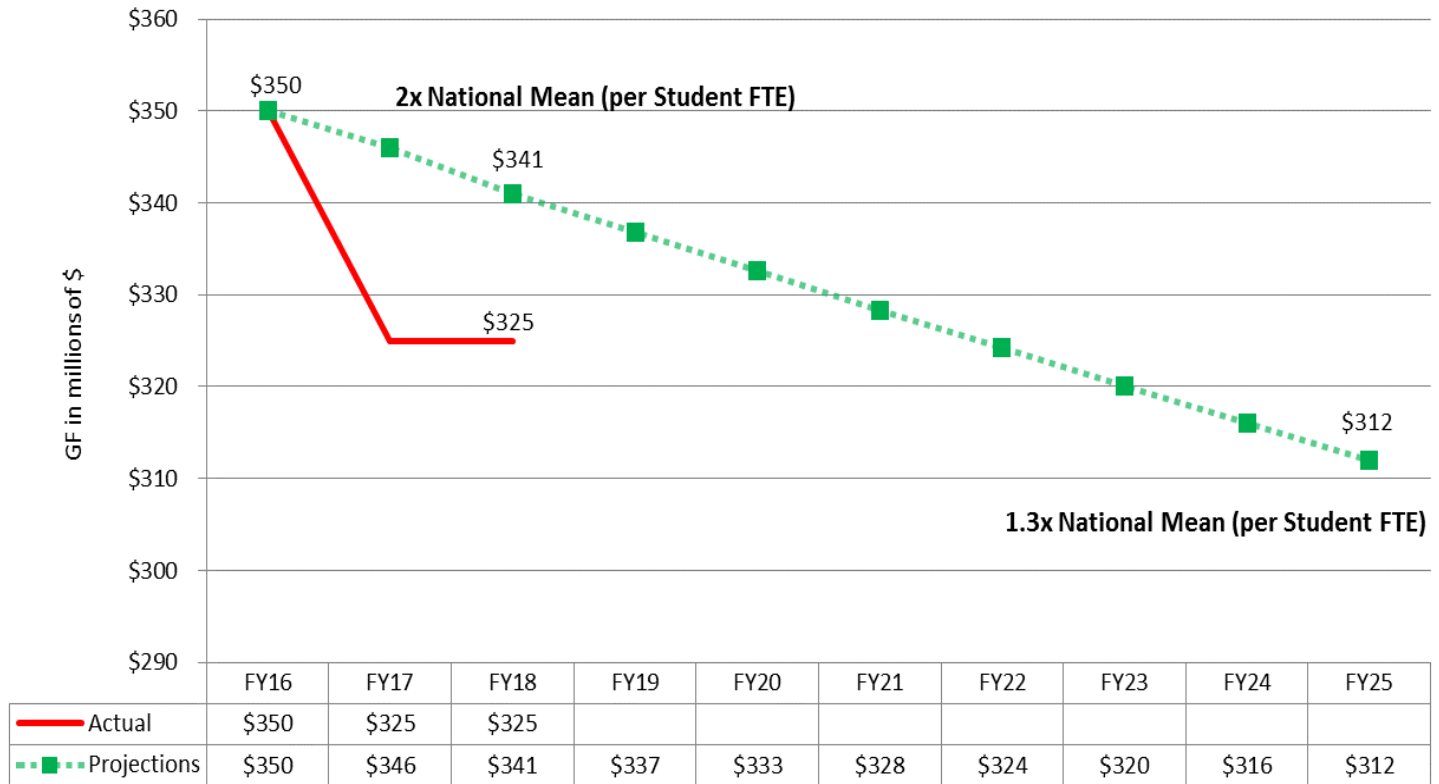
✧ Administrative function consolidation and service reductions

- ✧ 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

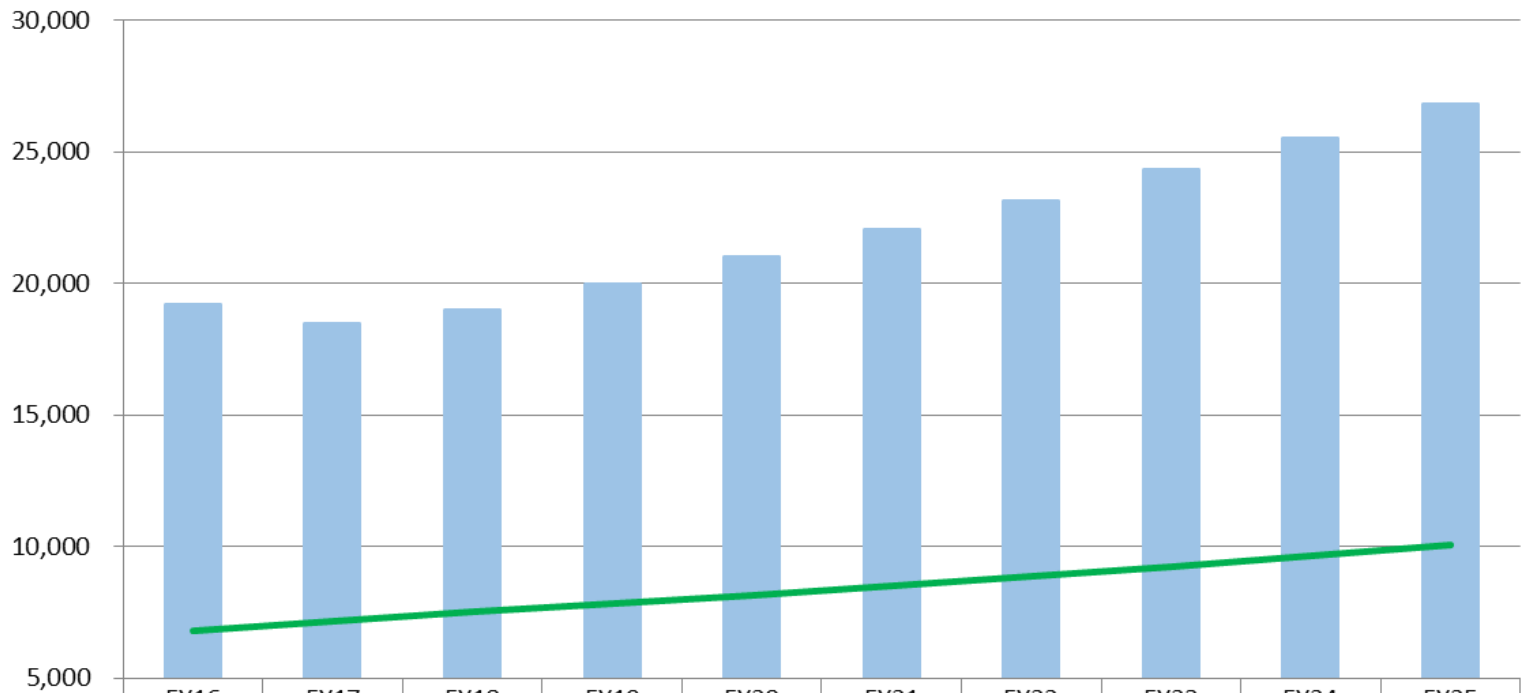
10-Yr Glide Path Framework

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



Student FTE	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
	19,229	18,460	19,014	19,964	21,002	22,053	23,155	24,313	25,529	26,805
Tuition & Fees per FTE	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
	\$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

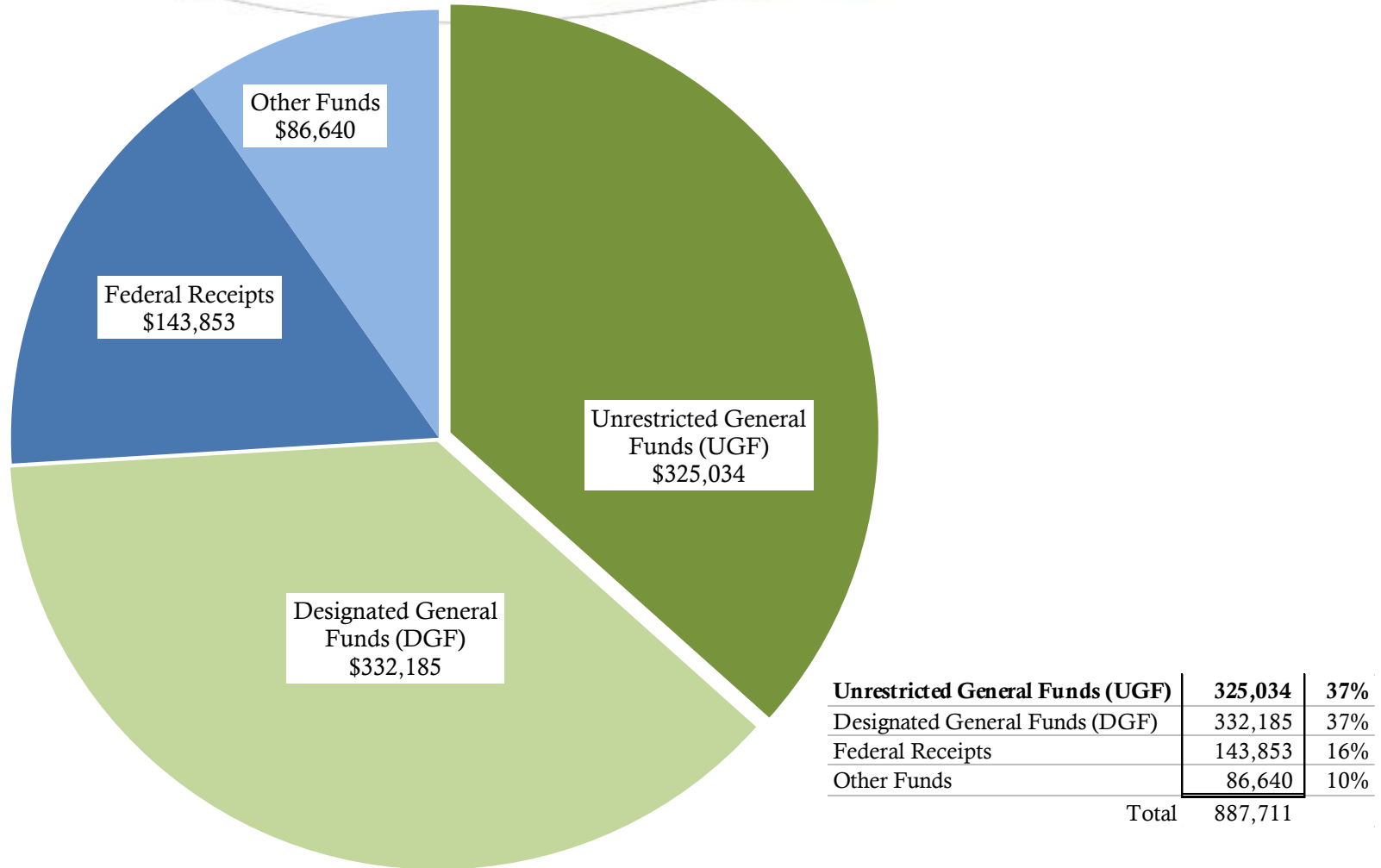
Changes Over FY17

- ✧ 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

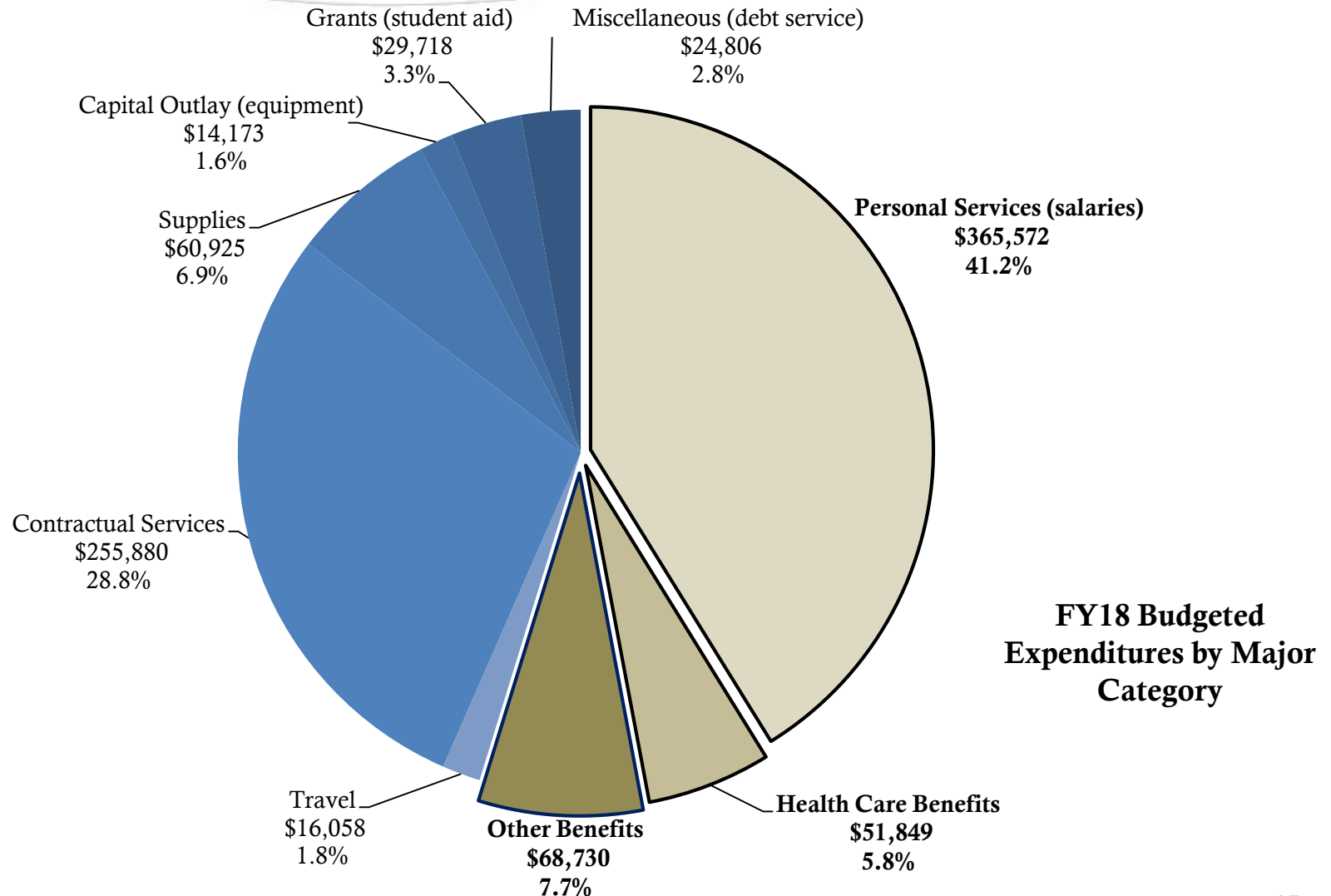
Program Area	Description	Budget	# of Employees	# of Alaskans Served	Costs recuperated	Importance to mission	Rating of effectiveness
Student Instruction	Programs for academic and vocational instruction, as well as directly related support functions: student services; academic support; scholarships; athletics; and library.	UGF: \$259 M 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

FY18 Revenue by Source



FY18 Budgeted Revenue by Major Fund Source

FY18 Expenses By Type



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

