

FY18 Budget Overview

House Finance Committee

January 31, 2017



UNIVERSITY
of ALASKA

UA 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

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.

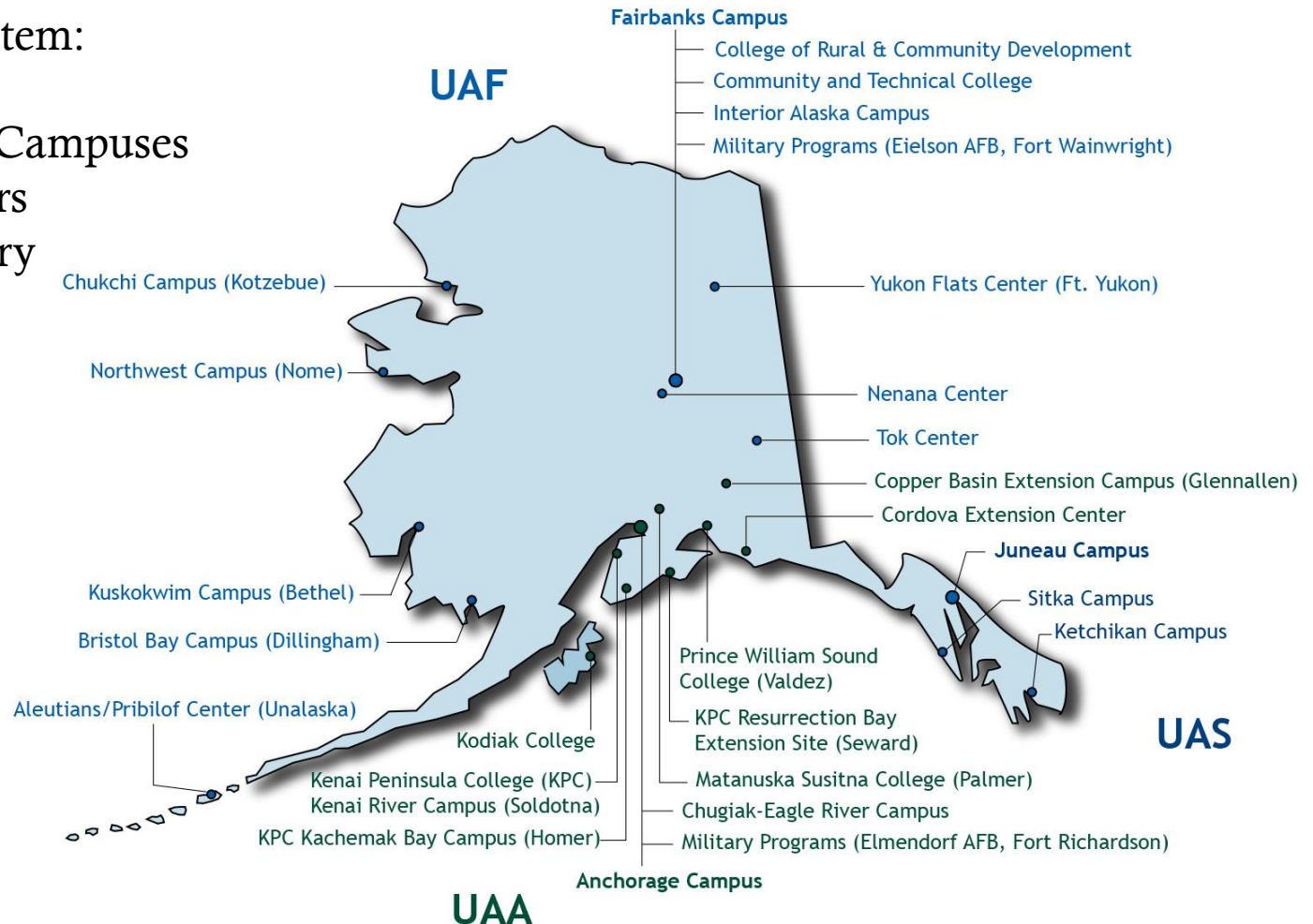
✧ Alaska Statutes Title 14 Chapter 40

AS 14.40.10 – AS 14.40.817 govern the University of Alaska

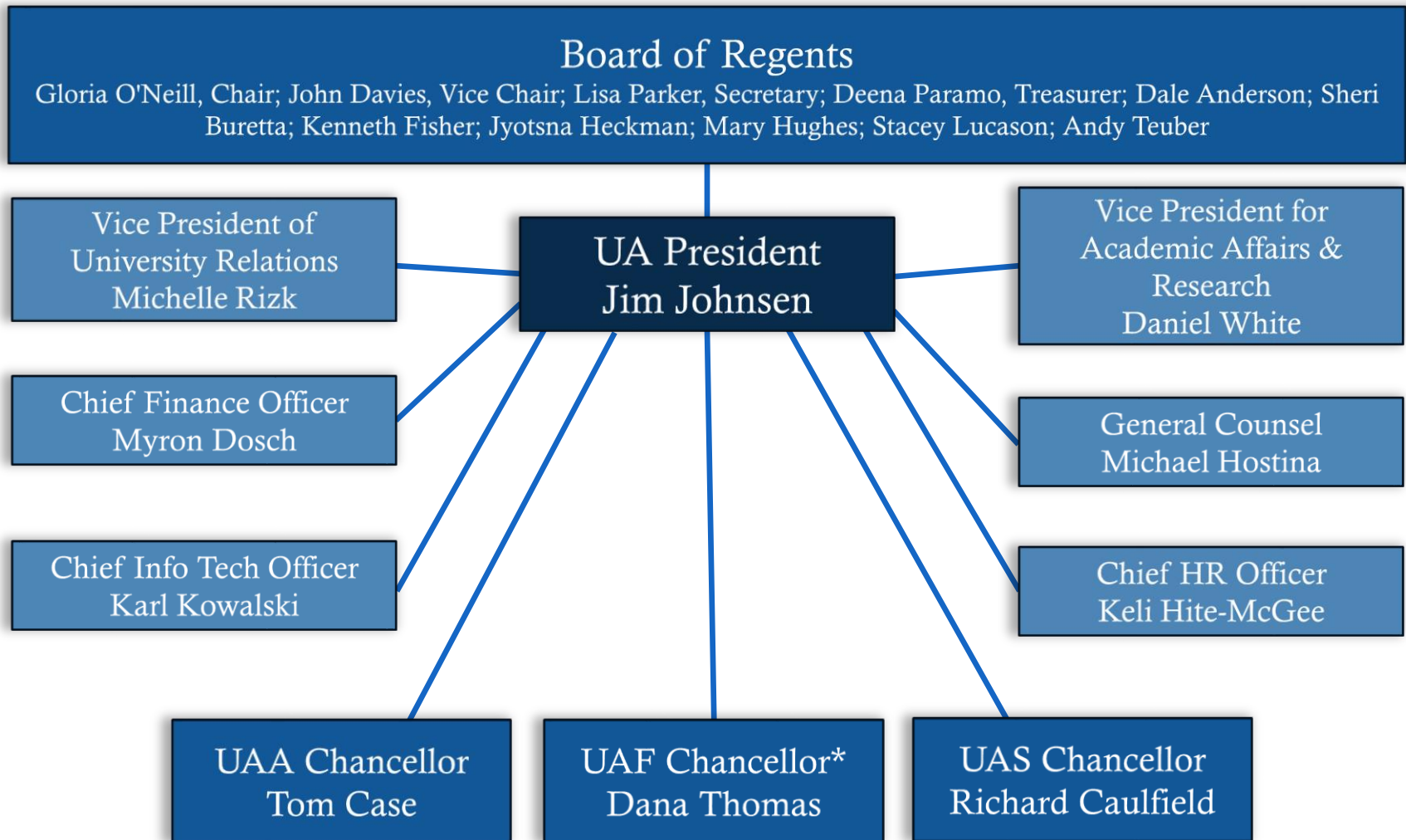
Serving All Alaskans

One Integrated System:

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



Organizational Chart



University Mission

✧ Student Instruction

Academic and vocational instruction



✧ Research

Scientific and academic research



✧ Service

Outreach and service to meet Alaskan needs



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 over 29,000 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

Target: 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.

Measurable Goals

- ✧ Broaden access to higher education for Alaskans
- ✧ Focus research on issues of importance and potential commercial application in Alaska
- ✧ Prepare Alaskans for Alaska's high-demand jobs
- ✧ Develop capacity to meet Alaska's increasingly diverse, knowledge based economy
- ✧ Build a strong education pipeline from K-12 to the workforce
- ✧ Diversify revenues and moderate reliance on state general funds

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	• 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.

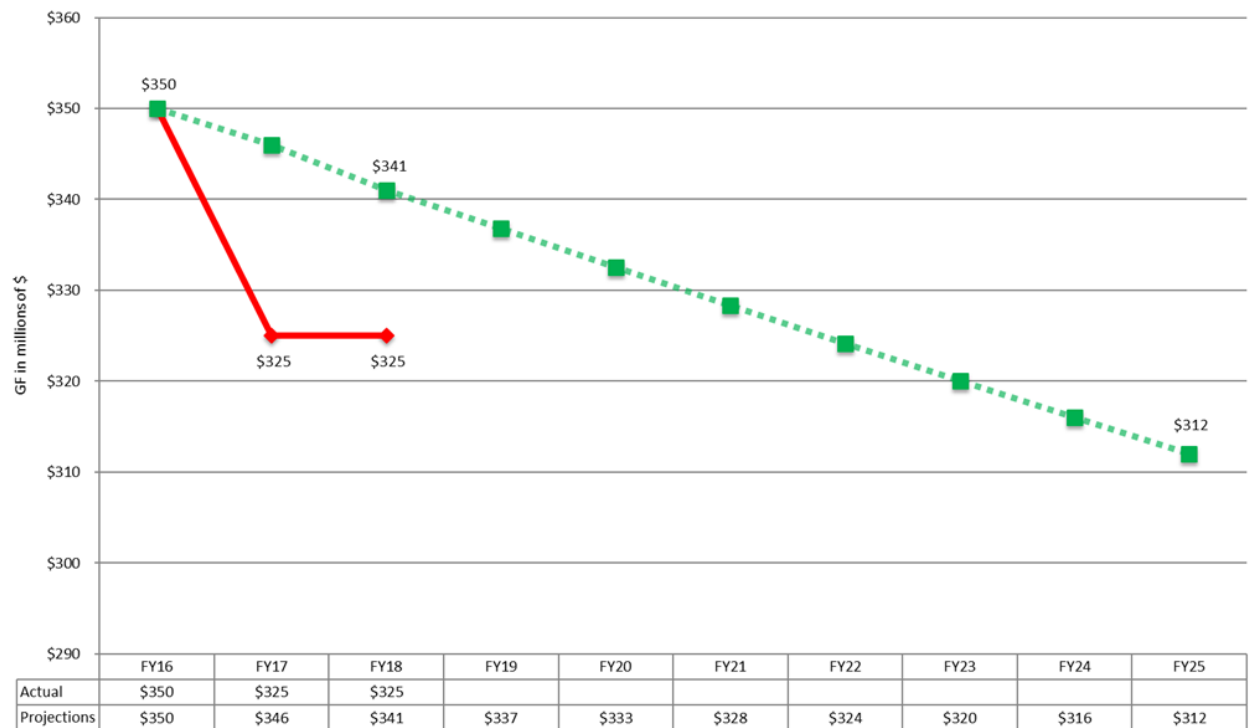
Initial Outcomes/Directions

- ✧ 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

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



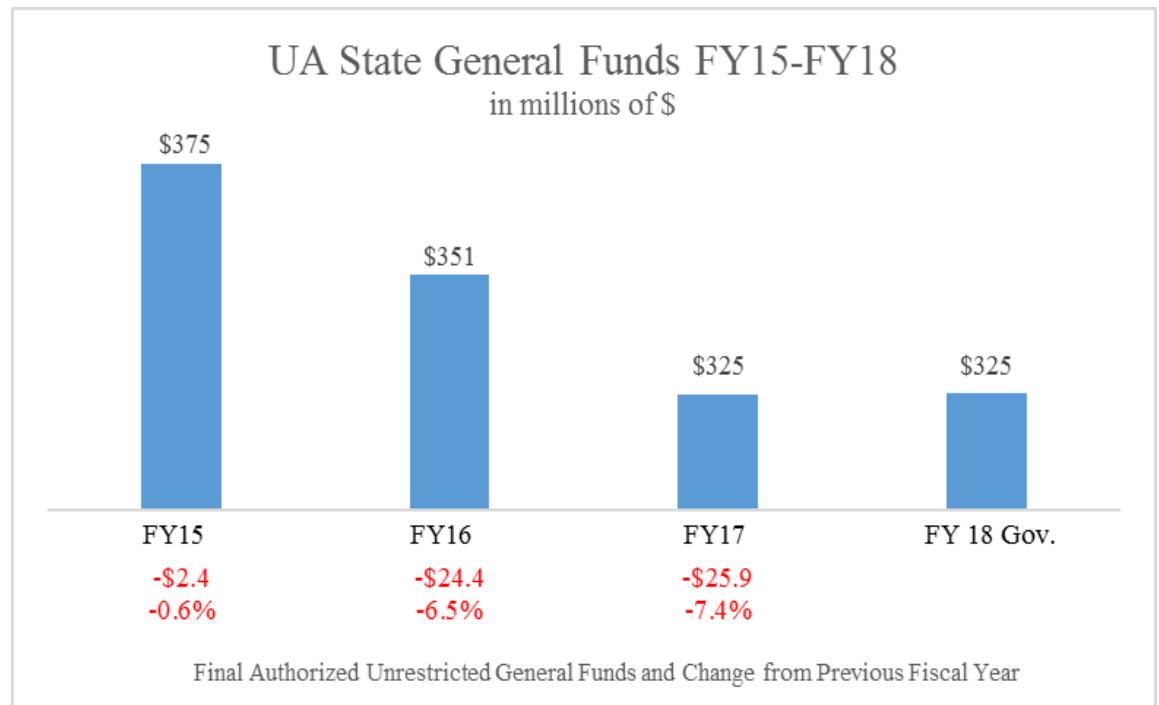
FY18 Governor's Budget Highlights

- ✧ 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

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

Strategic Investment Priorities

✧ Student Success

- ✧ 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

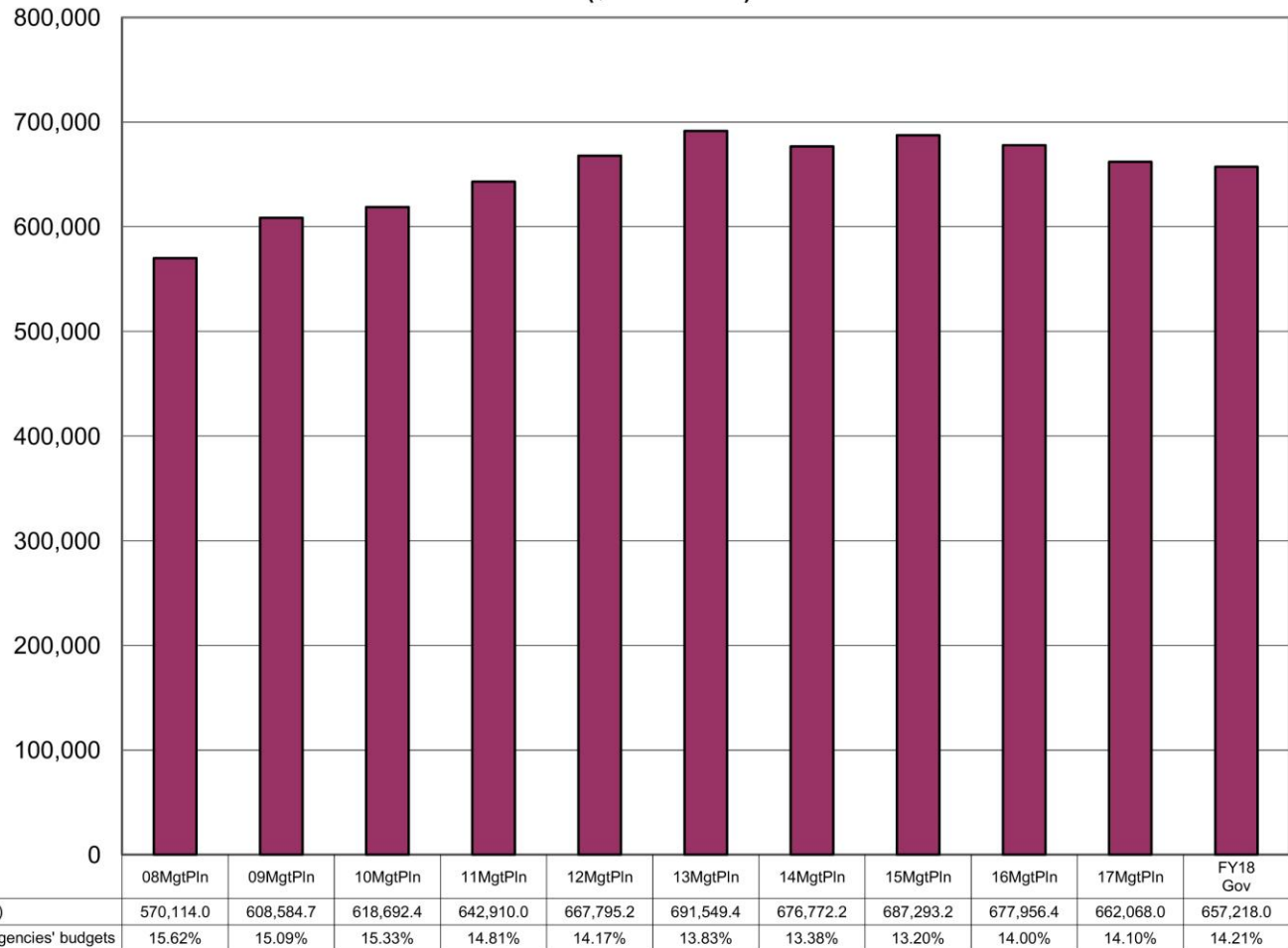
✧ K-12 Partnership

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

University of Alaska Share of Total Agency Operations (GF Only) (\$ Thousands)

The University's GF budget grew by about \$87 million (15%) between FY08 and the FY18 Governor's Request - an average annual growth rate for that period of 1.4%.

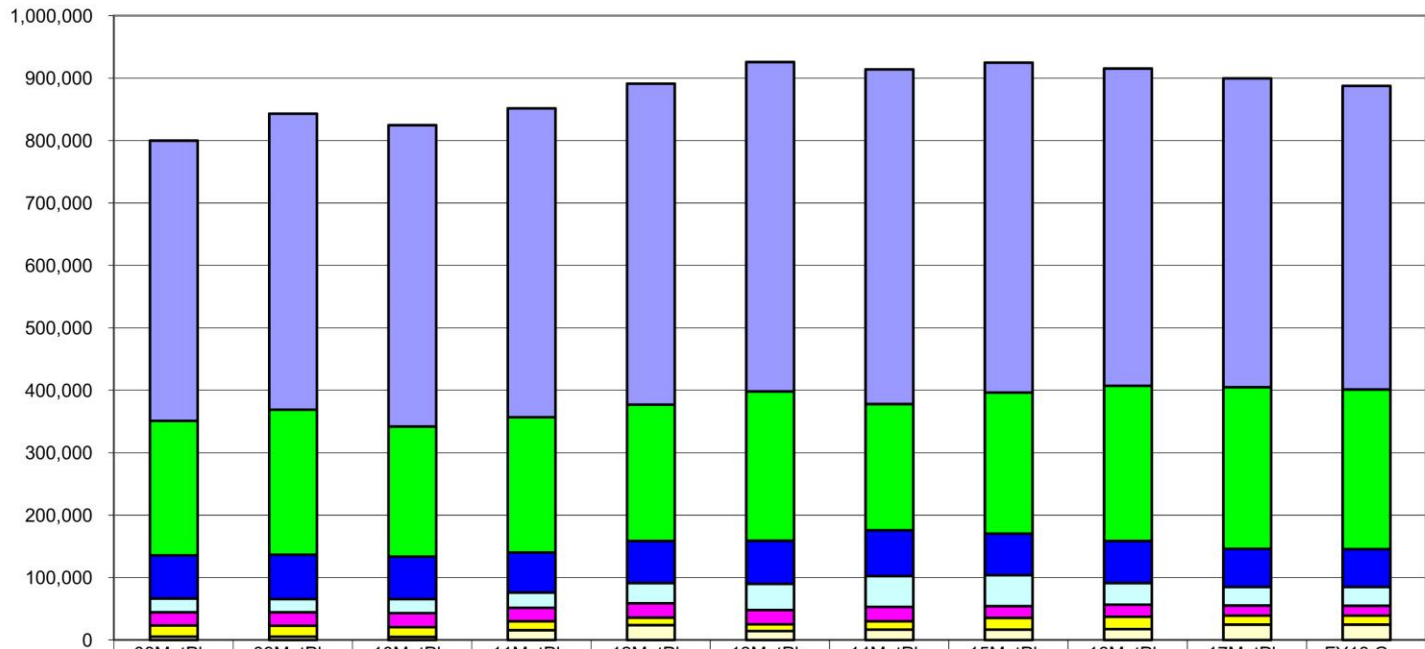
The University's total FY18 GF budget equals \$1,964 per resident worker.*



* According to the Department of Labor and Workforce Development, there were 334,628 resident workers in Alaska in 2014.

The majority of FY18 funding in the University's budget is comprised of the following two line items:
--Personal Services (55%)
--Services (29%)

University of Alaska Line Items (All Funds) (\$ Thousands)

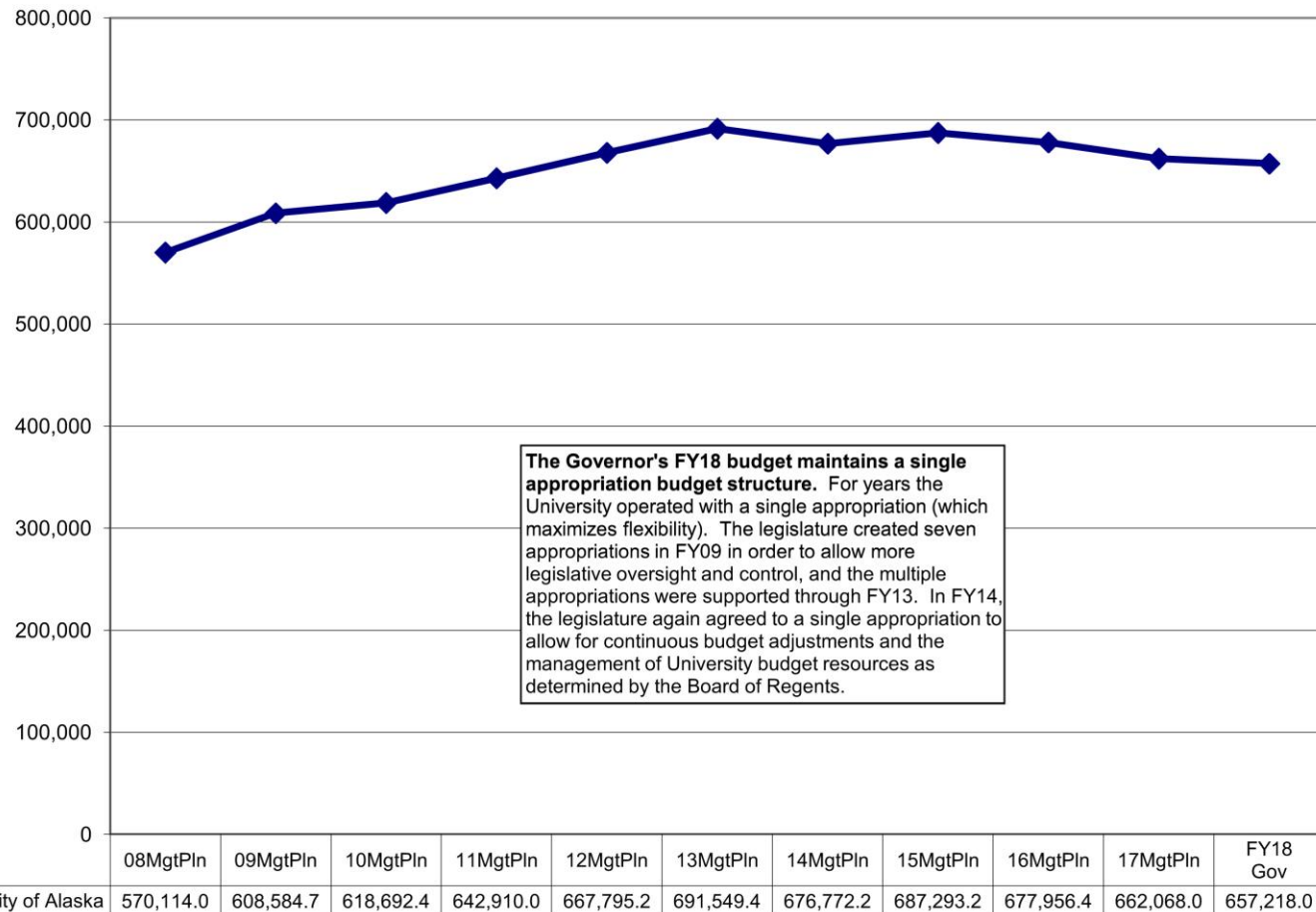


	08MgtPln	09MgtPln	10MgtPln	11MgtPln	12MgtPln	13MgtPln	14MgtPln	15MgtPln	16MgtPln	17MgtPln	FY18 Gov
Personal Services	449,010.3	474,119.6	482,731.5	494,879.7	514,114.4	527,530.3	536,349.8	528,618.2	508,574.4	494,650.4	486,150.4
Services	215,594.6	232,225.5	208,724.1	216,676.7	218,504.2	238,977.7	201,994.4	226,058.3	248,343.3	259,095.2	255,880.2
Commodities	69,062.6	70,788.2	67,943.8	64,259.1	67,111.1	69,648.5	73,194.2	66,562.0	67,307.3	60,924.7	60,924.7
Grants, Benefits	21,924.5	21,268.2	22,104.1	24,350.2	32,596.6	41,723.4	49,604.8	49,407.2	34,807.2	29,718.3	29,718.3
Travel	21,037.2	21,658.8	22,562.6	21,640.0	22,898.9	22,947.6	23,124.2	18,516.5	19,070.9	16,427.9	16,057.9
Capital Outlay	18,225.3	17,358.0	15,701.2	14,311.8	11,867.0	10,452.2	13,458.1	19,277.5	20,129.7	14,173.2	14,173.2
Miscellaneous	5,258.0	5,538.4	5,091.6	15,737.2	23,991.0	14,548.3	16,497.2	16,424.0	17,361.0	24,806.4	24,806.4

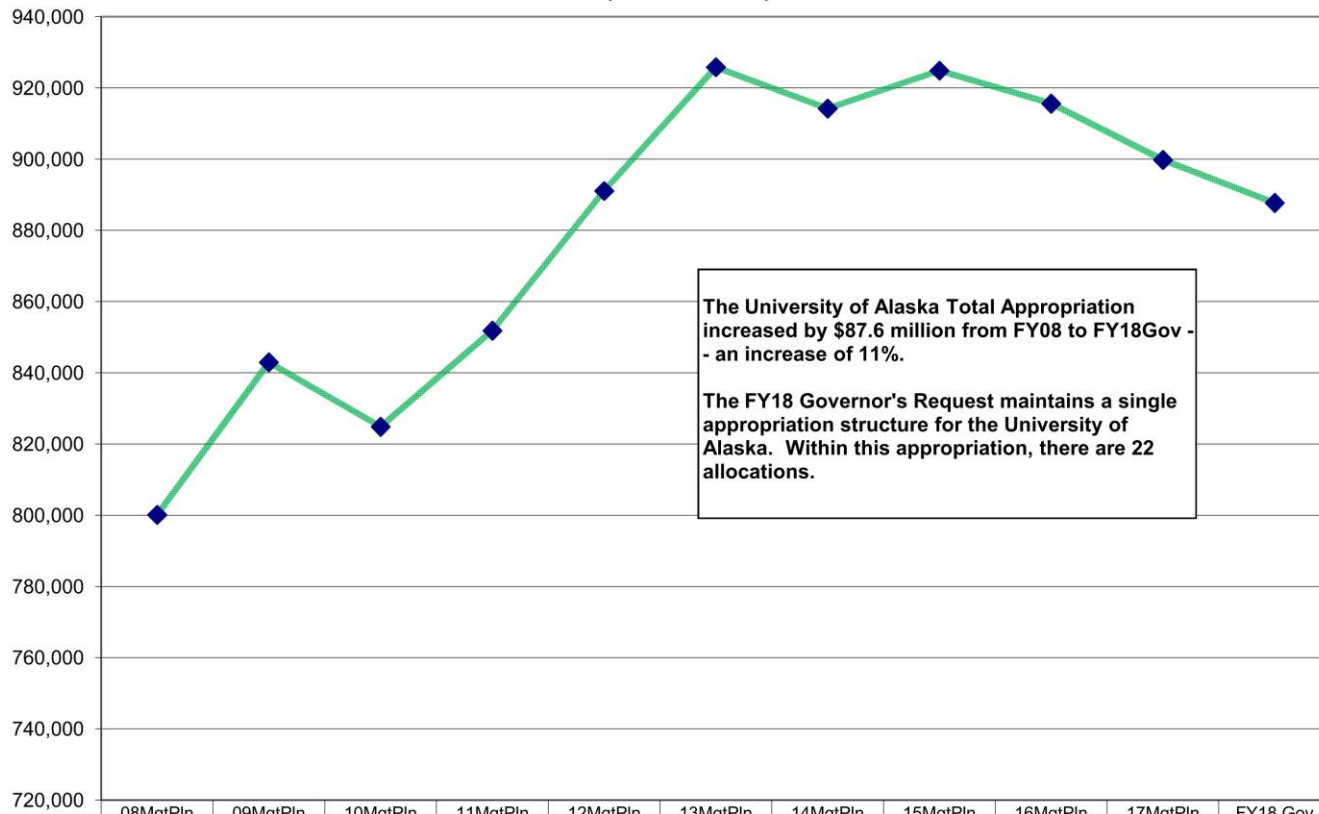
**University of Alaska Appropriation
(GF Only)
(\$ Thousands)**

The University is supported with 74% total General Funds and has experienced **15% GF growth** since FY08 (from \$570 million to \$657 million).

University Receipts (\$326 million Designated GF) comprises 49.6% of the overall GF category in the FY18 Gov request



**University of Alaska Appropriation
(All Funds)
(\$ Thousands)**



◆ University of Alaska	800,112.5	842,956.7	824,858.9	851,854.7	891,083.2	925,828.0	914,222.7	924,863.7	915,593.8	899,796.1	887,711.1
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Between FY08 & FY18 Gov:
 --UGF increased by \$34.3 million (12%)
 --DGF increased by \$52.8 million (19%)
 --Other Funds increased by \$9.3 million (12%)
 --Federal Receipts *decreased* by \$8.8 million (-6%)

University of Alaska Total Funding Comparison by Fund Group (All Funds) (\$ Thousands)

■ Federal Receipts (Fed)
 ■ Other State Funds (Other)
 ■ Designated General (DGF)
 ■ Unrestricted General (UGF)

