

State of Alaska

Office of Management and Budget

FY2020 Governor's Amended Budget

Presentation to the House Finance Committee

March 13, 2019

Budget Director Lacey Sanders



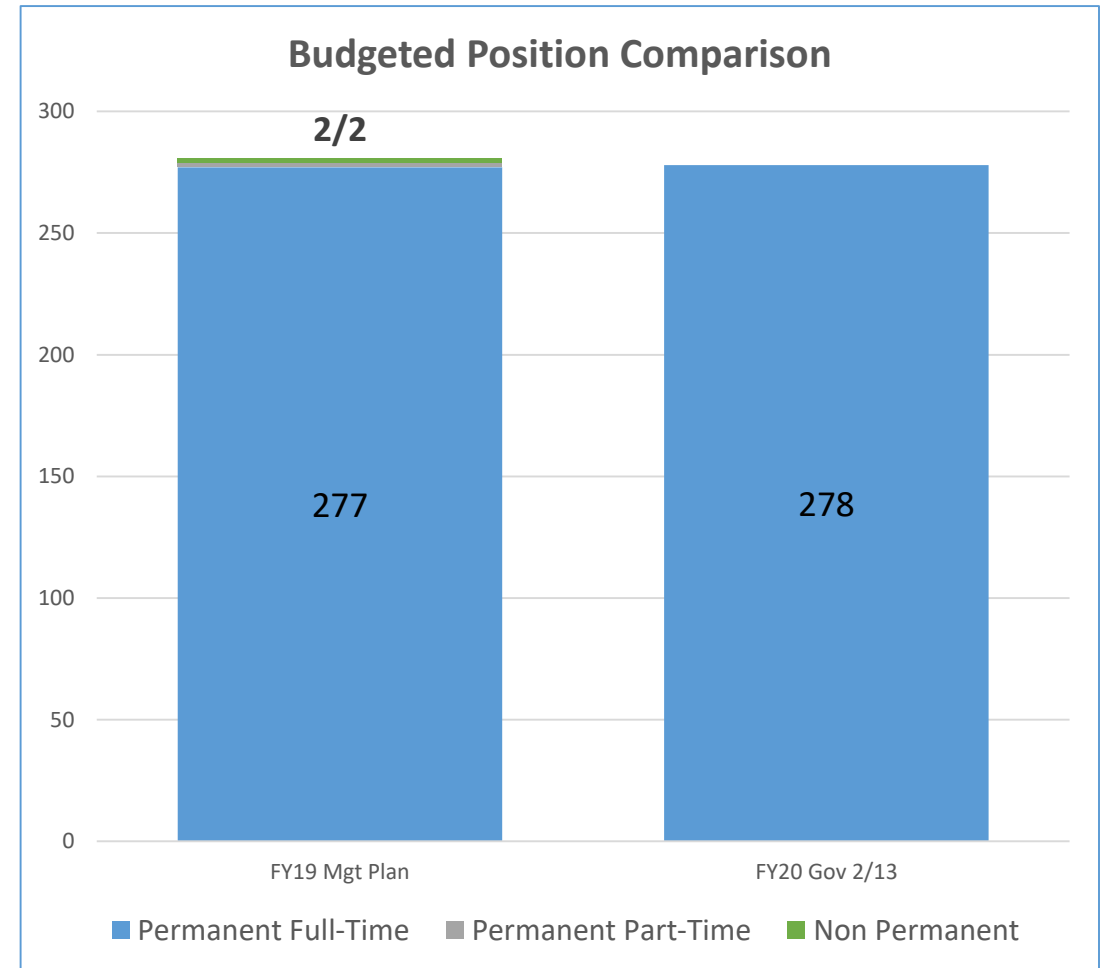
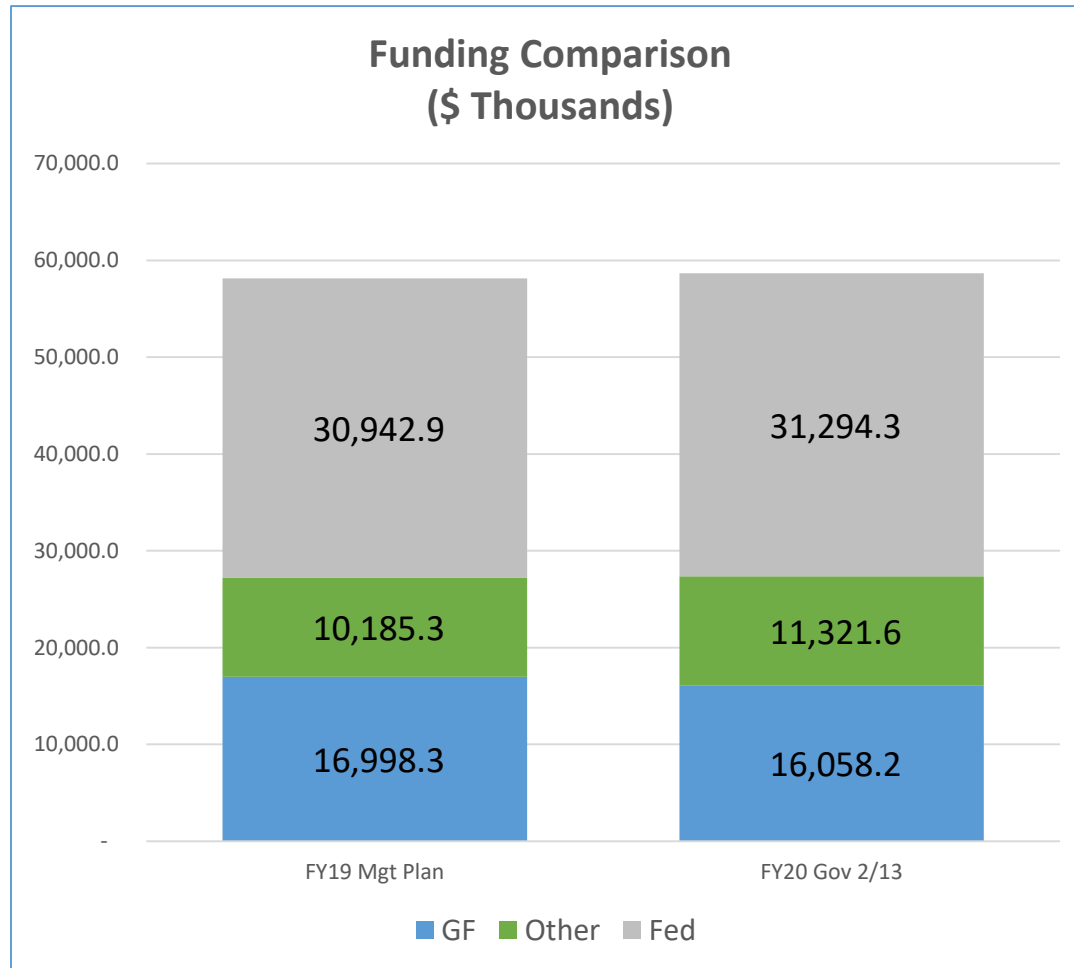
THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Military and Veterans' Affairs

Stephanie Richard
Acting Administrative Service Director



FY2020 Budget: Department of Military and Veterans' Affairs



FY2020 Budget: Department of Military and Veterans' Affairs Snapshot (\$ Thousands)

New Funding for Honor Guard Support for Alaska Veterans: \$50.0 GF

- Funds would allow a detail, consisting of Alaska National Guard and/or Alaska State Defense Force members on State Active Duty, to conduct funeral honors for Alaska Veterans. The Department estimates that the additional detail could support approximately 25 more funerals annually

FY2020 Budget: Department of Military and Veterans' Affairs Snapshot (\$ Thousands)

Remove Funding for Statutory/Volunteer Programs Which Are Subject to Funding Appropriation

- Local Emergency Planning Committee (-\$300.0 GF)
 - 21 LEPCs statewide, average grant per community \$13.1
- Alaska State Defense Force (-\$210.9 GF)
 - ~ 135 volunteer members

FY2020 Budget: Department of Military and Veterans' Affairs Snapshot (\$ Thousands)

Statewide Support – Executive Branch 50% Travel Reduction
(-\$103.3 GF)

- Homeland Security and Emergency Management and State Active Duty are exempt from this travel reduction to allow DMVA to provide responses to requests for assistance from the Emergency Management Assistance Compact (EMAC)

Replace General Fund Authority with Statutory Designated Program Receipts (\$-100.0 GF / \$+100 SDPR)

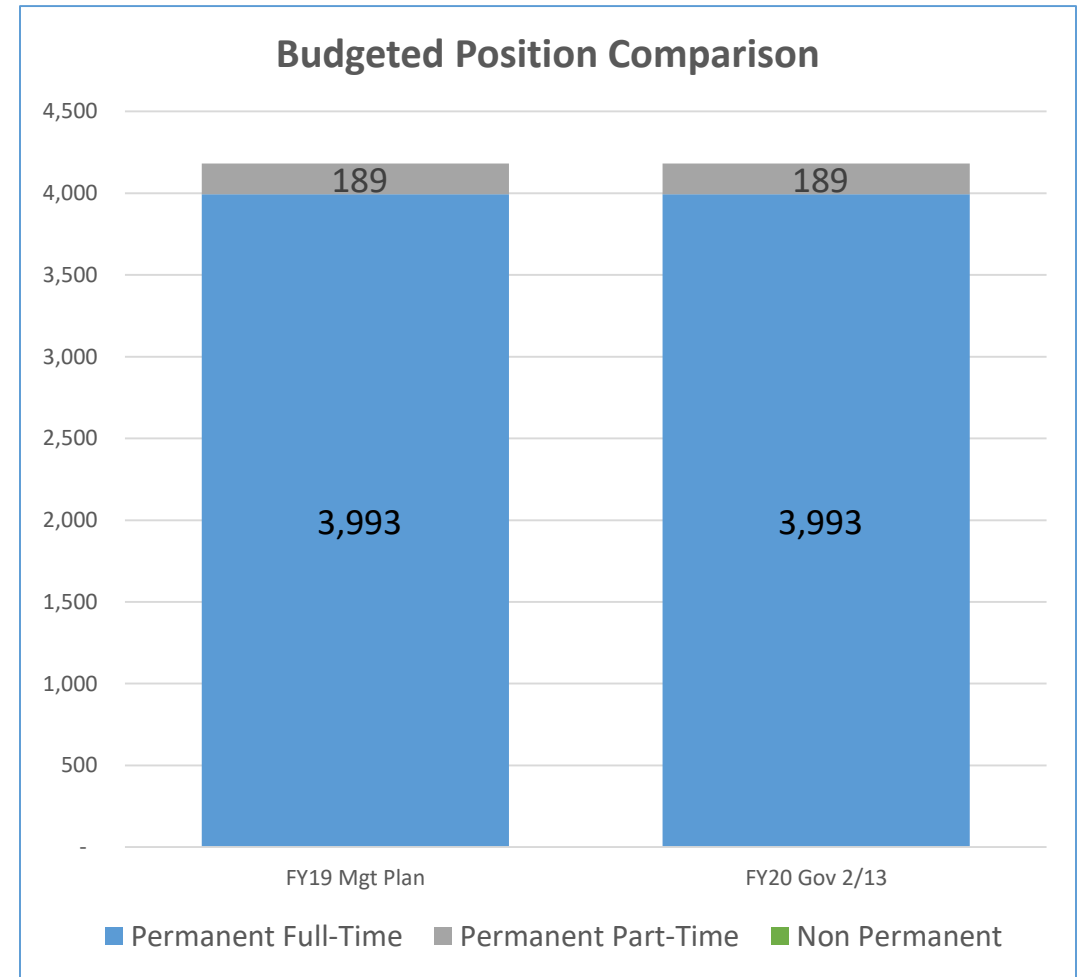
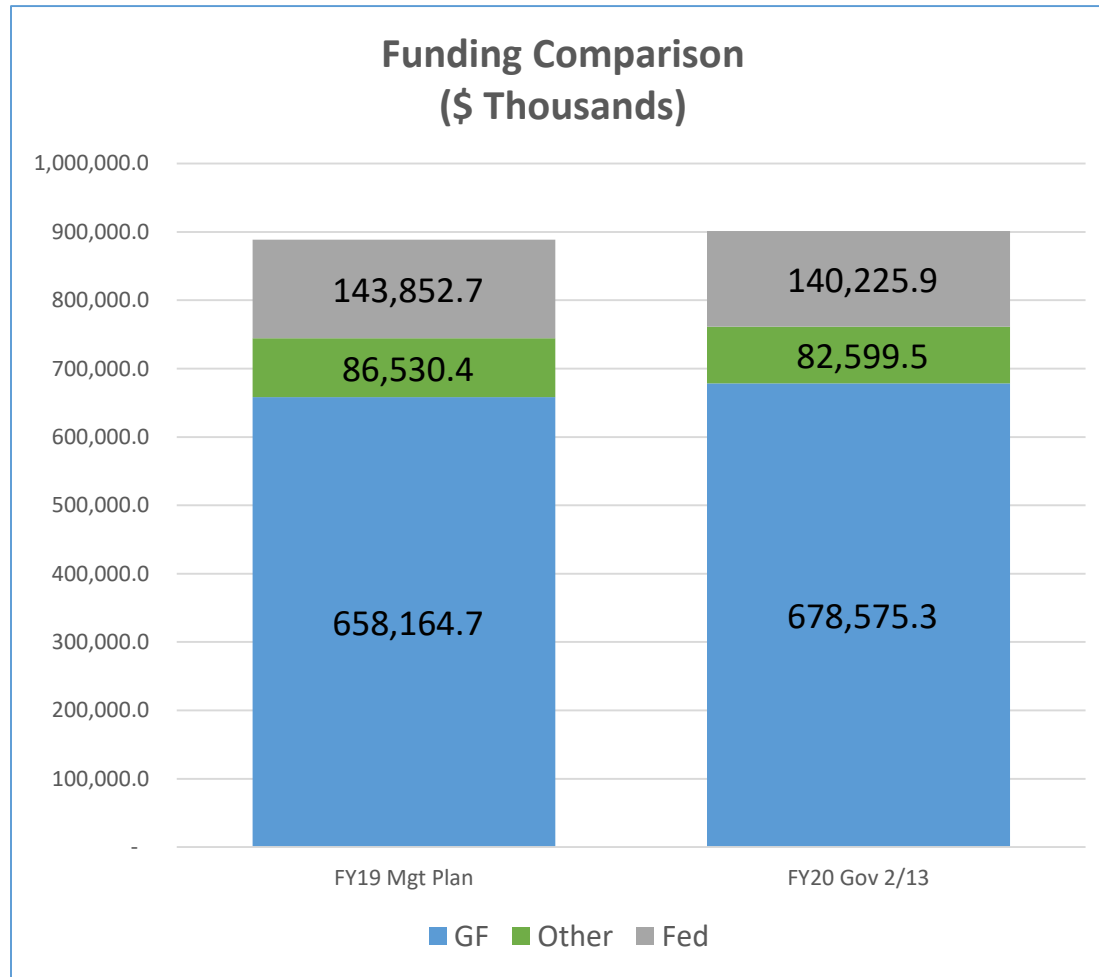
- Will allow Alaska Military Youth Academy to collect funds from corporations or tribal entities who desire to contribute financially in support of the program

University of Alaska

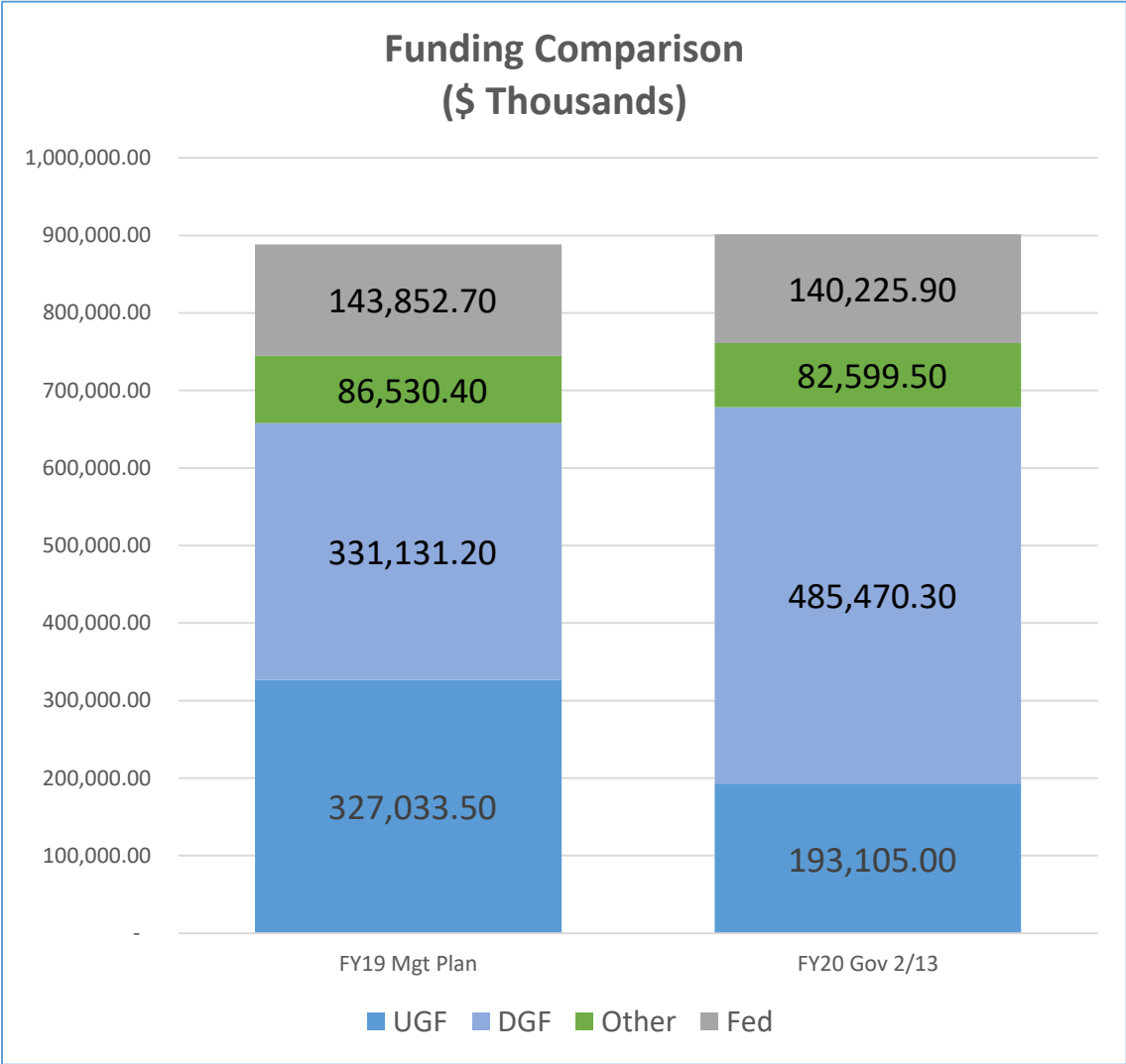
Mike Barnhill
Policy Director, OMB



FY2020 Budget: University of Alaska



FY2020 Budget: University of Alaska



FY2020 Budget: University of Alaska Snapshot (\$ Thousands)

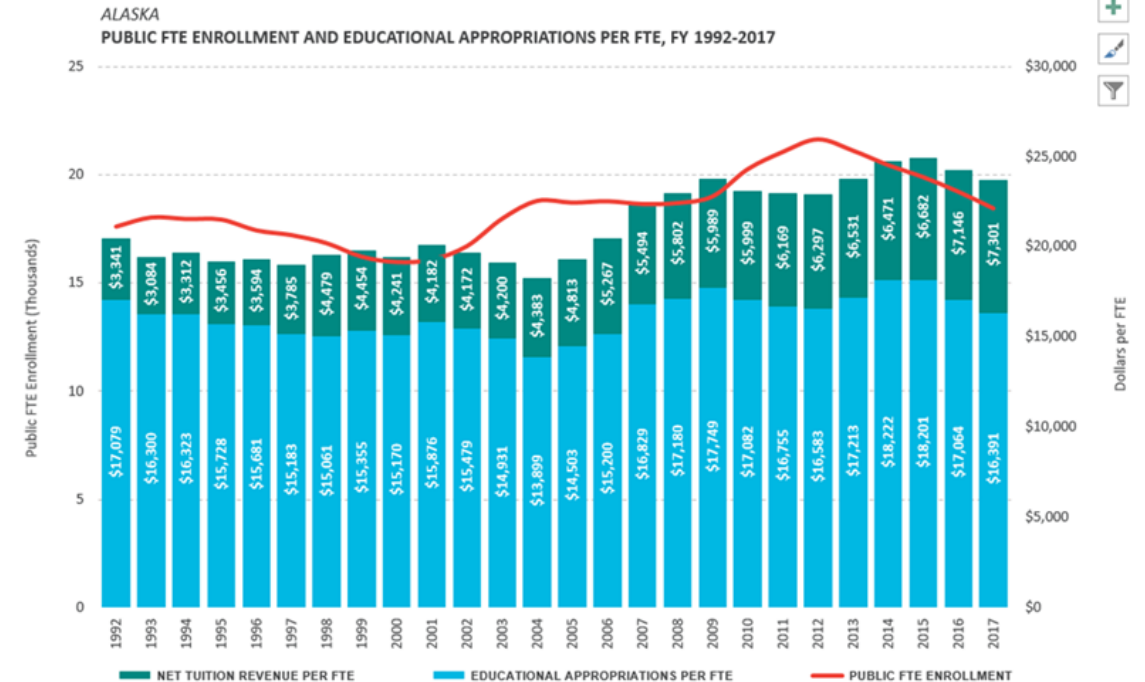
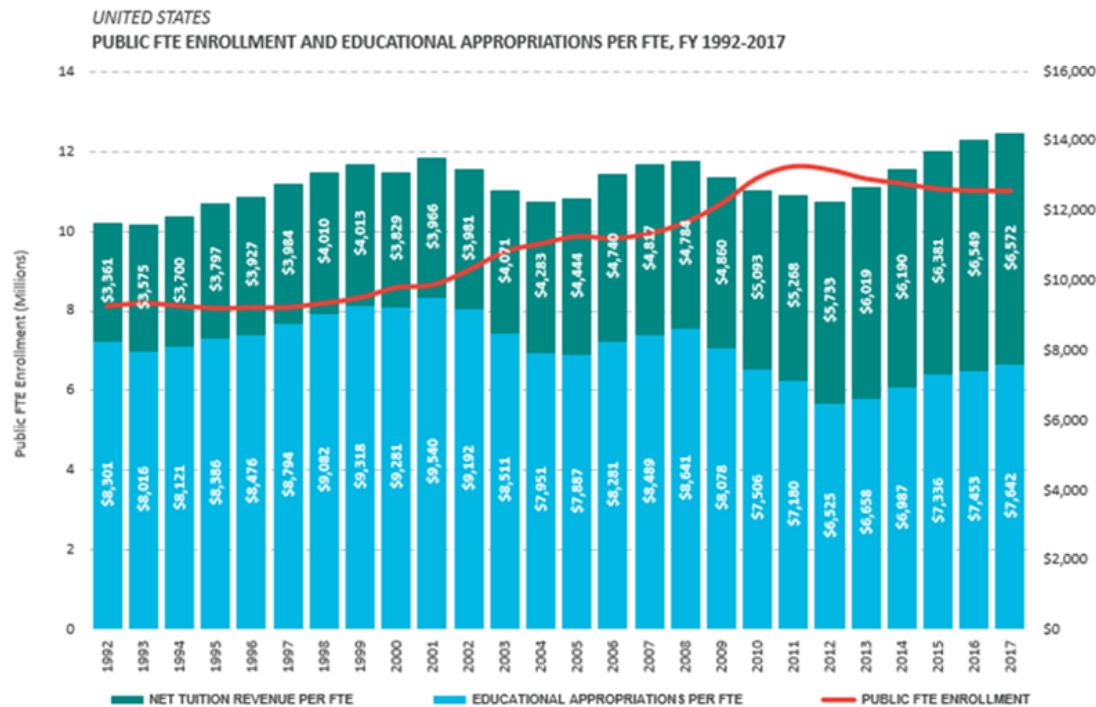
- Reduce the State Contribution for University of Alaska System-wide Campuses (-\$154,339.1 UGF)
- Increase State Contribution for University of Alaska Community Campuses (+\$20,410.6 UGF)

FY2020 Budget: [University of Alaska Snapshot](#)

- Budget Development
- Compare revenues and expenditures of the University of Alaska
 - With other publicly funded universities
 - With other land grant universities
 - Amongst the various UA campuses

FY2020 Budget: Compare University of Alaska to other publicly funded universities

- State support:
 - Alaska--\$16,391/student U.S.--\$7,642/student



FY2020 Budget: Compare University of Alaska to other land grant universities

- Five universities with highest percentage of revenues from state

Institution Name	% State
University of Puerto Rico-Mayaguez	70.8%
University of the District of Columbia	48.7%
Fond du Lac Tribal and Community College	44.0%
Kentucky State University	43.4%
University of Alaska Fairbanks	43.0%

Source: National Center for Education Statistics, IPEDS database

FY2020 Budget: Compare University of Alaska with other land grant universities

- Possible to thrive with lower state support

Institution Name	% State
Oregon State University	18.0%
University of California-Berkeley	17.7%
Clemson University	17.6%
Purdue University-Main Campus	15.9%
University of Rhode Island	15.6%
University of Wisconsin-Madison	14.5%
University of Arizona	13.8%
University of California-Davis	12.0%
University of Kentucky	11.9%
Leech Lake Tribal College	10.2%
University of Missouri-Columbia	10.1%
Michigan State University	9.8%
University of New Hampshire-Main Campus	9.7%
Colorado State University-Fort Collins	9.4%
Ohio State University-Main Campus	7.8%
University of Illinois at Urbana-Champaign	7.4%
University of Vermont	6.2%

Source: National Center for Education Statistics, IPEDS

FY2020 Budget: Compare University of Alaska to other land grant universities

- University of Alaska Fairbanks (UAF) is relatively expensive per full time equivalent (FTE)

Institution Name	Total expenses and deductions - Current	12-month full-time equivalent	Exp/FTE
Ilisagvik College	\$18,878,729	124	\$152,247.81
University of California-Davis	\$4,588,781,884	35,890	\$127,856.84
University of Kentucky	\$3,072,982,227	27,079	\$113,482.12
Ohio State University-Main Campus	\$6,351,839,513	58,904	\$107,833.76
University of Connecticut	\$2,485,430,604	26,057	\$95,384.37
Cankdeska Cikana Community College	\$11,777,285	137	\$85,965.58
University of Missouri-Columbia	\$2,256,129,018	29,733	\$75,879.63
University of Alaska Fairbanks	\$408,625,754	5,594	\$73,047.15
University of Wisconsin-Madison	\$2,816,691,547	38,902	\$72,404.80
University of California-Berkeley	\$2,887,910,915	41,152	\$70,176.68
University of Minnesota-Twin Cities	\$3,385,996,902	49,188	\$68,837.86
Rutgers University-New Brunswick	\$3,329,676,000	48,743	\$68,310.85
University of Hawaii at Manoa	\$1,038,871,242	15,737	\$66,014.57
University of Florida	\$2,910,900,000	48,744	\$59,718.12

FY2020 Budget: Compare University of Alaska to other land grant universities

- 96 land grant universities; per student costs:
 - 25 are \$50k and higher per student
 - 61 are between \$25k and \$50k
 - 10 are less than \$25k

Source: National Center for Education Statistics, IPEDS database

FY2020 Budget: Compare University of Alaska amongst the various UA campuses

UA: FY2018 Revenue, Expenditures, and Enrollment									
	GF ⁽¹⁾	Tuition/Fees ⁽¹⁾	Fed ⁽¹⁾	Local	Revenue ⁽²⁾	Tuition/ Revenue	Expenditures ⁽¹⁾⁽²⁾	FTE ⁽³⁾	Exp/FTE
UAA									
UAA Main Campus	\$93,834,216	\$65,627,300	\$17,840,580		\$177,302,096	37.0%	\$207,592,837	8,622	\$24,077
Kenai	\$6,462,088	\$5,819,520	\$16,588		\$12,298,196	47.3%	\$13,579,810	952	\$14,265
Kodiak	\$2,365,837	\$1,284,860	\$44,967	\$60,000	\$3,755,664	34.2%	\$4,276,418	247	\$17,313
MatSu	\$4,714,153	\$5,144,307	\$0		\$9,858,460	52.2%	\$9,847,724	837	\$11,766
Prince William Sound	\$2,569,986	\$673,647	\$169,851	\$820,000	\$4,233,484	15.9%	\$4,707,454	214	\$21,997
UAF									
UAF Main Campus	\$115,332,209	\$34,255,087	\$11,625,947		\$161,213,243	21.2%	\$214,576,488	3,616	\$59,341
Bristol Bay	\$1,256,609	\$371,263	\$1,471,426		\$3,099,298	12.0%	\$3,640,750	92	\$39,573
Chukchi	\$848,844	\$55,593	\$57,593		\$962,029	5.8%	\$1,030,369	39	\$26,420
Interior	\$1,435,500	\$582,695	\$914,727		\$2,932,922	19.9%	\$3,884,572	122	\$31,841
Kuskokwim	\$2,669,877	\$777,774	\$142,306		\$3,589,957	21.7%	\$4,441,158	173	\$25,671
Northwest	\$1,291,997	\$330,563	\$80,942		\$1,703,503	19.4%	\$1,866,640	64	\$29,166
Rural	\$3,829,786	\$1,099,764	\$216,701		\$5,146,251	21.4%	\$5,944,869	233	\$25,514
UAF Comm & Tech	\$4,876,257	\$4,900,128	\$111,032		\$9,887,417	49.6%	\$10,899,084	909	\$11,990
UAS									
UAS Main Campus	\$19,446,816	\$7,280,114	\$2,034,123		\$28,761,053	25.3%	\$33,787,855	920	\$36,726
Ketchikan	\$2,167,000	\$1,391,624	\$691,242		\$4,249,866	32.7%	\$4,830,973	213	\$22,681
Sitka	\$2,606,400	\$2,180,631	\$827,545		\$5,614,576	38.8%	\$6,215,538	303	\$20,513
Community Campus Total	\$37,094,334	\$24,612,368	\$4,744,920	\$880,000	\$67,331,622	36.6%	\$75,165,359	4,398	\$17,091
Community Campus % of Total	13.1%	18.4%	13.1%	100.0%	14.8%		12.9%	25.1%	
University Campus Total	\$228,613,241	\$107,162,501	\$31,500,650	\$0	\$367,276,392	29.2%	\$455,957,180	13,158	\$34,652
University Campus % of Total	80.5%	80.1%	86.9%	0.0%	80.8%		78.1%	74.9%	
Statewide Services	\$18,117,284	\$2,076,483	\$0	\$0	\$20,193,767		\$52,856,630		
UA Total	\$283,824,859	\$133,851,353	\$36,245,570	\$880,000	\$454,801,781	29.4%	\$583,979,169	17,556	\$33,264

FY2020 Budget: Compare University of Alaska amongst the various UA campuses

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UAA										
UAA Main Campus	\$93,834,216	\$65,627,300	\$17,840,580		\$177,302,096	37.0%	\$207,592,837	8,622	\$24,077	\$10,883.11
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MatSu	\$4,714,153	\$5,144,307	\$0		\$9,858,460	52.2%	\$9,847,724	837	\$11,766	
Prince William Sound	\$2,569,986	\$673,647	\$169,851	\$820,000	\$4,233,484	15.9%	\$4,707,454	214	\$21,997	
UAF										
UAF Main Campus	\$115,332,209	\$34,255,087	\$11,625,947		\$161,213,243	21.2%	\$214,576,488	3,616	\$59,341	\$31,894.97
Bristol Bay	\$1,256,609	\$371,263	\$1,471,426		\$3,099,298	12.0%	\$3,640,750	92	\$39,573	
Chukchi	\$848,844	\$55,593	\$57,593		\$962,029	5.8%	\$1,030,369	39	\$26,420	
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Sitka	\$2,606,400	\$2,180,631	\$827,545		\$5,614,576	38.8%	\$6,215,538	303	\$20,513	
Community Campus Total	\$37,094,334	\$24,612,368	\$4,744,920	\$880,000	\$67,331,622	36.6%	\$75,165,359	4,398	\$17,091	\$8,434.36
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Kenai	\$6,462,088	\$5,819,520	\$16,588		\$12,298,196	47.3%	\$13,579,810	952	\$14,265		
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Interior	\$1,435,500	\$582,695	\$914,727		\$2,932,922	19.9%	\$3,884,572	122	\$31,841		
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Community Campus Total	\$37,094,334	\$24,612,368	\$4,744,920	\$880,000	\$67,331,622	36.6%	\$75,165,359	4,398	\$17,091	\$8,434.36	\$0
Community Campus % of Total	19.3%	18.4%	13.1%	100.0%	18.5%		17.1%	25.1%			
University Campus Total	\$143,200,024	\$107,162,501	\$31,500,650	\$0	\$281,863,176	38.0%	\$316,806,109	13,158	\$24,077	\$10,883.11	\$85,413,216
University Campus % of Total	74.6%	80.1%	86.9%	0.0%	77.6%		72.2%	74.9%			
Statewide Services	\$11,776,235	\$2,076,483	\$0	\$0	\$13,852,718		\$46,515,580			\$670.78	\$6,341,049
UA Total	\$192,070,593	\$133,851,353	\$36,245,570	\$880,000	\$363,047,515	36.9%	\$438,487,048	17,556	\$24,976	\$10,940.45	\$91,754,266

FY2020 Budget: University of Alaska Budget Development

- University does an excellent job of managing costs at UAA and in the Community Campus system
 - UAA expenses/student: approx. \$25k. Very competitive nationally.
 - Community campus expenses/student: approx. \$18k
 - UGF contribution: \$11k or less (~40% higher than national average)

FY2020 Budget: University of Alaska Budget Development

- Tuition is equalized between campuses
 - University campus tuition is lower than national average
 - Community campus tuition is higher than national average
- The University may be deterring access to low cost community campuses while subsidizing higher cost campuses, particularly UAF.
 - Attendance at UAF is declining
 - Overall UA attendance has declined 19% since FY2012.

FY2020 Budget: University of Alaska Core Services

- Education
 - Focus on cost-effective delivery of high quality education
 - University is succeeding with costs at UAA and Community Campuses
 - Too many similar programs in multiple locations may be impairing quality
- Research
 - University is doing a good job of leveraging external fund sources, in particular federal dollars; 6:1 is a good start
 - Opportunities exist. Example: Michigan State University has approx. 29:1 ratio of external to state fund sources for its research program
- Public Service
 - Focus on becoming self-supporting
 - \$30mm in UGF to distribute 190,000 publications and provide service to small business seems like high cost

FY2020 Budget: University of Alaska Budget Calculations

- Average state contribution to higher education: \$7,642/student
 - Multiplier: 44%
 - $\$7,642 * 1.44 = \$11,000$
- Current UAA GF/FTE: approx. \$11,000
- Community Campus Component
 - $5,611 \text{ students} * \$11,000 = \$61.721\text{mm}$
- University Component
 - $11,944 \text{ students} * \$11,000 = \$131.384\text{mm}$
- Total UGF appropriation
 - $17,555 * \$11,000 = \193.105mm

FY2020 Budget: University of Alaska Summary

- Over-reliance on state funding is a concern
 - The University downgraded by Moody's for over-reliance on state funding

21 Aug 2017	Rating Update	University of Alaska, AK: Update – Moody's downgrades University of Alaska to A1; outlook stable	🔒	Moody's Investors Service
21 Aug 2017	Rating Action	Moody's downgrades University of Alaska to A1; outlook stable		Moody's Investors Service
17 Jul 2017	Rating Action	Moody's Places University of Alaska's Ratings on Review for Downgrade		Moody's Investors Service
13 Sep 2016	New Issue	University of Alaska (AK): New Issue - Moody's Confirms University of Alaska's Ratings and Assigns Aa3 to 2016 Series V; Outlook Negative	🔒	Moody's Investors Service
13 Sep 2016	Rating Action	Moody's Confirms University of Alaska's Ratings and Assigns Aa3 to 2016 Series V; Outlook Negative		Moody's Investors Service
27 Jul 2016	Rating Action	Moody's Places University of Alaska's Ratings on Review for Downgrade		Moody's Investors Service
10 Jun 2016	Issuer Comment	University of Alaska, AK: University of Alaska's Announced FY 2017 Budget Cut Within Expectations	🔒	Moody's Investors Service
03 Mar 2016	Rating Update	University of Alaska: Update - Moody's downgrades University of Alaska Gen. Rev. Bonds to Aa3; outlook negative	🔒	Moody's Investors Service
03 Mar 2016	Rating Action	Moody's downgrades University of Alaska Gen. Rev. Bonds to Aa3; outlook negative		Moody's Investors Service
04 Jun 2015	New Issue	Moody's revises University of Alaska's outlook to negative; assigns Aa2 to \$65.7M Gen. Rev. Bds. 2015 Ser. T	🔒	Moody's Investors Service
04 Jun 2015	Rating Action	Moody's revises University of Alaska's outlook to negative; assigns Aa2 to \$65.7M Gen. Rev. Bds. 2015 Ser. T		Moody's Investors Service

- Alaska Constitution establishes University, but is silent re funding

FY2020 Budget: University of Alaska Summary

- State universities are rising to the challenge
 - Other state universities are scenario planning for elimination of **all** state funding. Example: University of Pittsburgh

post-gazette.COM
Pittsburgh Post-Gazette print

What if Pitt were to go private? Some ponder the unthinkable as dwindling state aid becomes less certain

February 23, 2018 9:56 AM

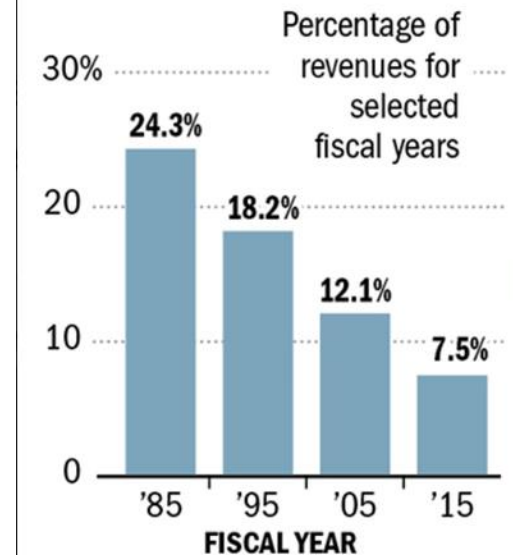
By Bill Schackner / Pittsburgh Post-Gazette

Campus leaders contemplating the University of Pittsburgh's future have begun to engage reluctantly in an exercise that the school's chancellor Patrick Gallagher likens to "a stress test."

State funding gap

The state's appropriation to the University of Pittsburgh provides a shrinking share of the university's revenues that are needed to support operations.

Commonwealth appropriation



Source: University
of Pittsburgh

Post-Gazette

FY2020 Budget: [University of Alaska Summary](#)

- Path forward for University
 - State funding for higher education has declined nationally
 - In response universities have:
 - sharpened their focus on their core educational product
 - aggressively competed for tuition dollars
 - sought fundraising dollars from the entire spectrum of funding sources
 - Private, corporate, alumni, federal
 - Focus on strengths
 - community campus/UAA cost structure
 - enhance leverage for research dollars

Sustainable, Predictable, Affordable
