

Impacts of Budget Vetoes on University of Alaska

Historically Unprecedented Divestment in Higher Education

- Veto resulted in a \$135 million GF cut - the largest reduction in UA's history
- Unprecedented within higher education and historically unparalleled in magnitude amongst public universities nationally
- UA represented 32% of the total \$\$ Governor vetoed
- 41% reduction to the state portion of UA's budget
- Single action – sudden, untenable and devastating reduction – implemented 3 days before start of fiscal year
- When combined with \$51 million in prior year cuts, cumulative reduction of \$186 million (49%) over the last 6 years:
 - State funding has dropped from \$378 million to \$192 million
- Over 1,200 faculty and staff already gone
- Over 50 academic and degree programs already gone

Key Points

- Vetoes strike an institutional and reputational blow from which UA may likely never recover
- Cripples one of Alaska's most important tools for economic growth and diversity – just when we need both.
- Impacts the ability of employers to hire skilled graduates – harming Alaska's economic potential
- Every university and campus will be impacted, and will likely result in the need to shutter some community campuses outright
- Impacts every student and program in the state and calls into question UA's ability to fulfill its constitutional mission
- State's annual investment is critical – allows UA to go get the other 60% of its budget
- A \$135 million UGF cut **will actually create a \$200 million revenue hole** when the impacts on all non-state revenue sources are factored in: i.e. enrollment declines, tuition & fee revenue losses, research, federal and private giving
 - **UA estimates a related loss of \$45 million (-37%) in federal funds**

Immediate Impacts

- Immediate hiring, travel and contract freeze have been instituted
- 60 day furlough notices have already been issued to university staff system wide
- Moody's placed UA ratings [under review for downgrade](#) on July 2nd
 - **The review will focus on the Special Session outcome and the magnitude of the final budget reduction**
- Board of Regents directed management to prepare a declaration of **Financial Exigency** to be considered at the emergency Board meeting next Monday July 15th
- What is **Financial Exigency**?
 - **Rarely used procedure which permits the rapid downsizing and/or discontinue of units, programs, services, and personnel**

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- **Permits unilateral decisions to reduce salaries or modify terms of employment, to include termination**
- **Permits the unprecedented removal of tenured faculty (whose tenure normally provides lifetime guarantee of employment)**
- Financial Exigency is a drastic action, due to the potential for creating severe reputational harm with students, alumni, faculty, employers, donors, and investors

If veto is not overturned?

- An additional 1,300-2,000 staff and faculty will lose their jobs
 - **UAA alone is estimating the loss of 700 jobs and 40 degree programs**
 - 2,000+ total loss, when direct and indirect employment impacts are combined (ISER)
- According to ISER, UA direct losses alone, will offset gains from other sector of Alaska's economy
- Further consolidation of programs and academic options across the system; reduce or discontinue programs outside core
- Current students will see academic disruptions, program closures and possible need to transfer to other campuses within the UA System or universities outside of Alaska
- Potential closure of some community campuses
 - Community campuses receive significant administrative and overhead support from UAF, UAA and Statewide – against which the entire veto was levied
- Significant accreditation risk due to the speed and urgency with which programs and campuses will have to be reorganized
- University athletics possibly eliminated in entirety
- Continued increase in tuition and student fees – in the face of already declining enrollment - making post-secondary education in Alaska less accessible and affordable
 - UA's fall 2019 semester shows a systemwide (-5.9%) decline in applications
 - UA Anchorage (-5.1%);
 - UA Fairbanks (-8.1%);
 - UA Southeast (-0.7%)
- Immediate damage to UA's standing as the world's leading Arctic research institution offering international expertise in physical, biological and social sciences
 - Leader in studying the changing Arctic - impacts on our people, culture, environment and economic livelihood
 - Loss of faculty and graduate students, and accompanying funding
 - Diminishes success of receiving federal grants – agencies uncertain about UA's future
- Impacts go far beyond Alaska's borders; UA's world class research institutions like the International Arctic Research Center (IARC), the Institute of Arctic Biology (IAB), Institute of Northern Engineering (INE) and Geophysical Institute (GI) and are players on the world stage addressing international scientific issues, defense and homeland security

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- May require merging or elimination of major research institutes – which are solving important real-world problems – and in many cases bringing in significant third-party investment to our state.
- Jeopardizes retention of major research assets such **R/V Sikuliaq** and the **Toolik Field Station** operated on behalf of the National Science Foundation

Order of Magnitude Operating Amounts (UGF)

- Current annual tuition revenue: \$135 million
- Fairbanks campus total state operating: \$126 million
- Anchorage campus total state operating: \$104 million
- Facilities Maintenance: \$45 million
- All community campuses: \$36 million
- UAS total state operating: \$21 million
- Statewide: \$18 million
- UA athletics programs: \$13 million

UA has already discontinued or suspended over 50 degree and certificate programs in the last four year:

Discontinued

- GC Clinical Social Work Practice (UAA)
- MS Applied Environmental Science & Technology (UAA)
- MS Engineering Management (UAA)
- MS Science Management (UAA)
- AAS Computer Information and Office Systems (UAA)
- PhD Clinical-Community Psychology (UAF)
- BA & BBA Economics (UAF)
- AAS Apprenticeship Technology (UAS)
- Certificate Automotive Technology (UAS)
- Assoc. of Business (UAS)

Suspended

- MS Arctic Engineering (UAA)
- OEC Sustainable Energy (UAA)
- AAS Small Business Administration (UAA)
- MS Resource Economics (UAF)
- BA & BS Sociology (UAF)
- BS General Science (UAF)
- BA Chemistry (UAF)
- Educational Technology (UAS)
- AAS Law Enforcement (UAS)