



University of Alaska

FY19 Budget Overview

University of Alaska
House Finance Budget Subcommittee

January 30, 2018

Sources

University of Alaska Statewide Offices

<https://www.alaska.edu/alaska/about-ua/statewide-offices/>

Board of Regents Policy & Procedures

<https://www.alaska.edu/bor/policy-regulations/>

Strategic Pathways

<https://www.alaska.edu/pathways/>

President's Leadership Resources

<https://www.alaska.edu/pres/leadership/>

FY19 Operating & Capital Budget Request

<http://www.alaska.edu/files/swbudget/redbook/FY19-Redbook-Final-Web.pdf>

Institutional Research

<http://www.alaska.edu/swbir/ir/>

Change Your Life, Your Future, Your State

<https://www.alaska.edu/starthere/>

University Mission

- **Education**

Delivering academic instruction, career and technical training



- **Research**

Advancing innovation and discovery through academic and scientific research



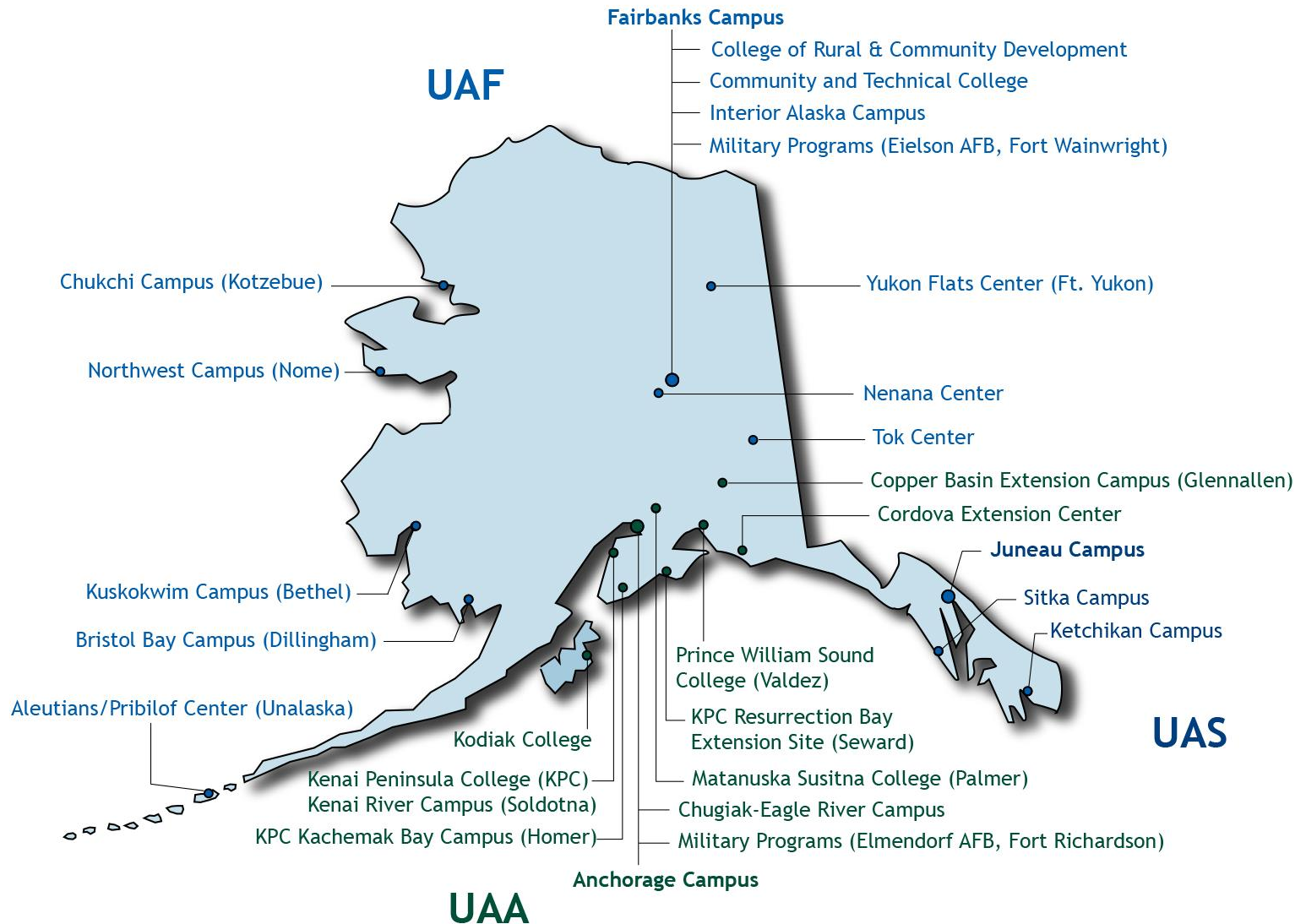
- **Service**

Sharing knowledge to address Alaska's community needs



Serving All Alaskans

Three Universities - One Integrated System



Legal Authority

Alaska Constitution Article 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.

Alaska Constitution Article 7, § 3 Board of Regents

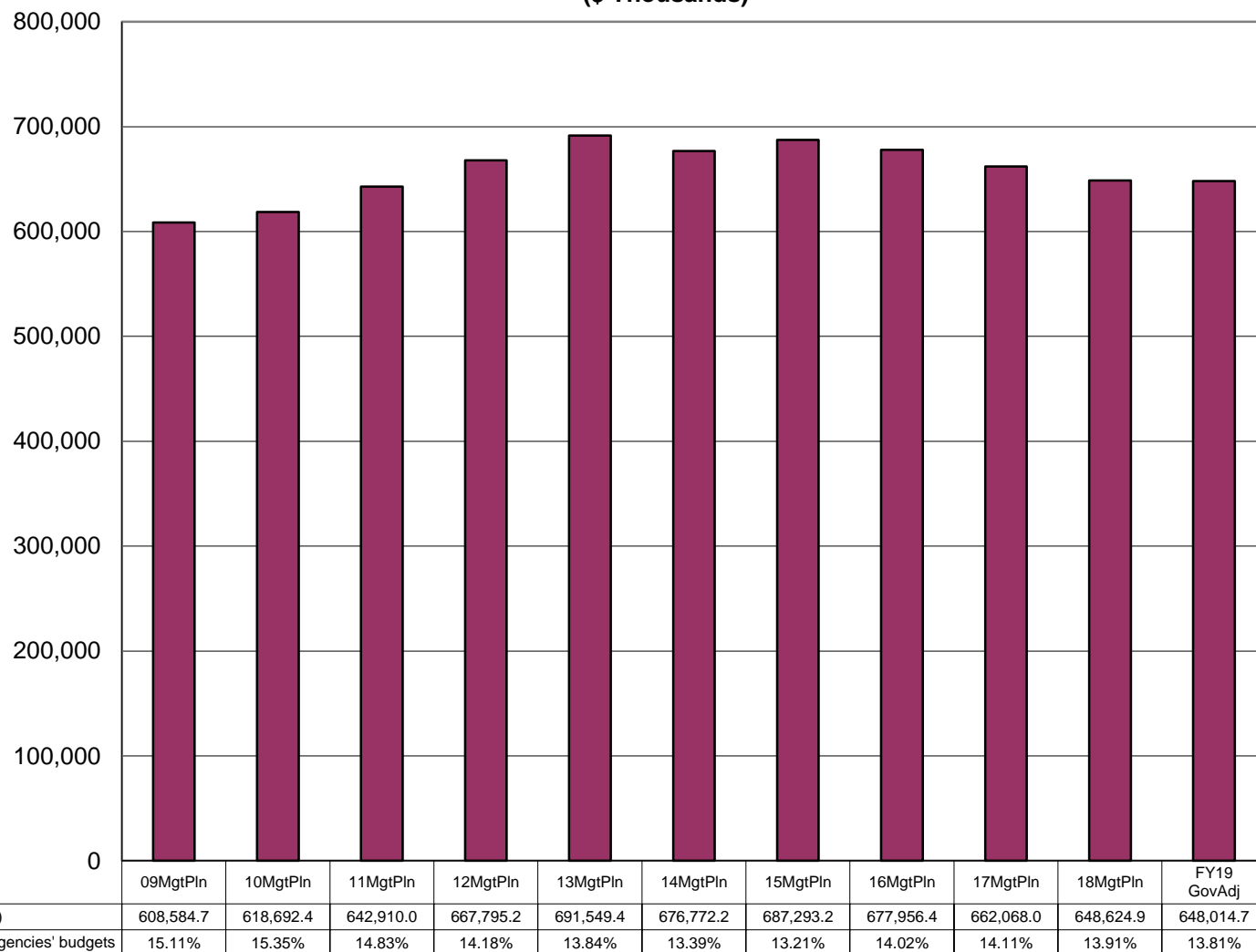
The University of Alaska shall be governed by a board of regents. The regents shall be appointed by the governor, subject to confirmation by a majority of the members of the legislature in joint session. The board shall, in accordance with law, formulate policy and appoint the president of the university. He shall be the executive officer of the board.

Alaska Statutes Title 14 Chapter 40 (14.40.10 – 14.40.817)

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

The University's GF budget grew by about \$39.4 million (6%) between FY09 and the FY19 Governor's Request - an average annual growth rate for that period of 0.6%.

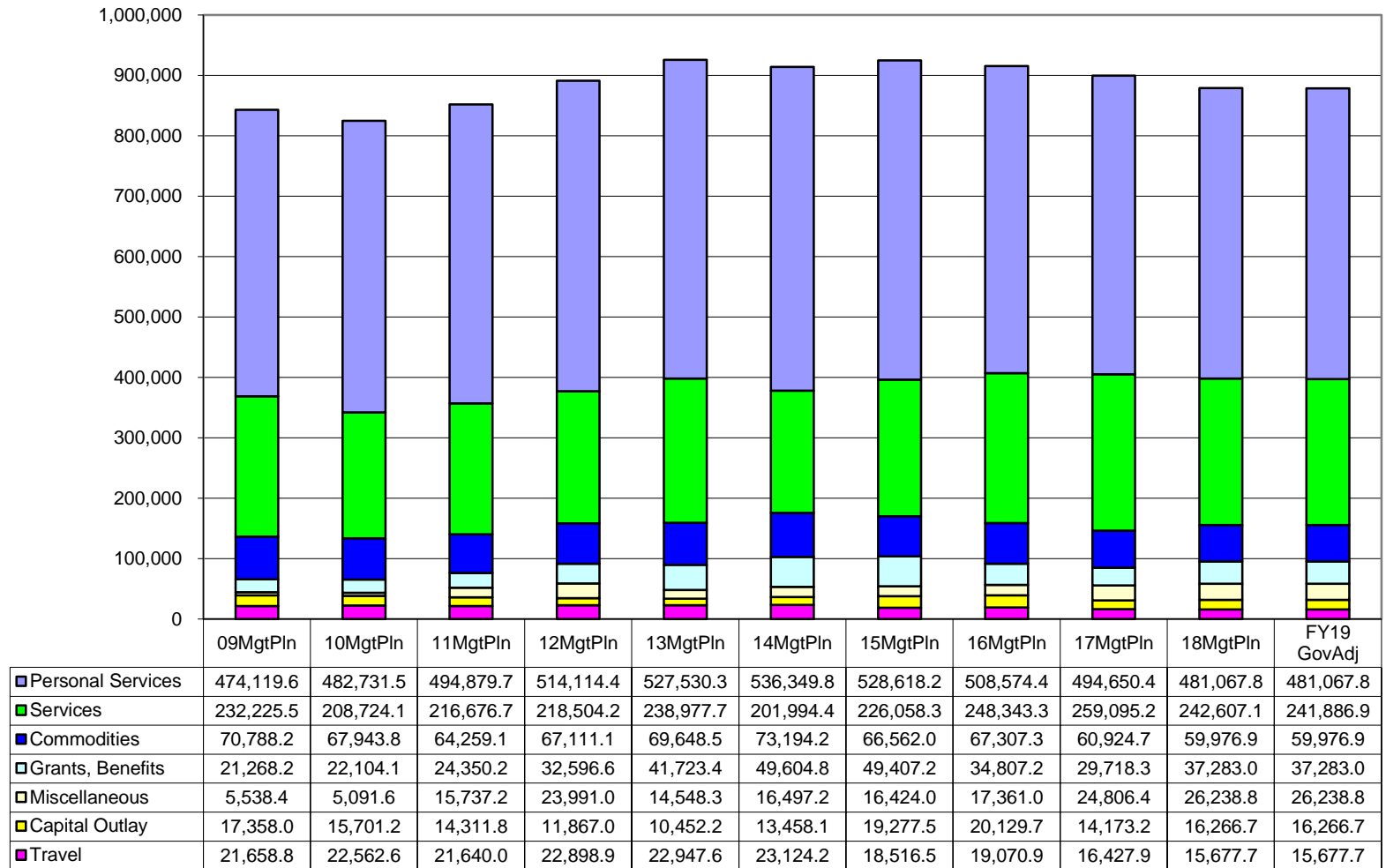
The University's total FY19 GF budget equals \$1,948 per resident worker.*



* According to the Department of Labor and Workforce Development, there were 332,583 resident workers in Alaska in 2015.

The majority of FY19 funding in the University's budget is comprised of the following two line items:
--Personal Services (55%)
--Services (28%)

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

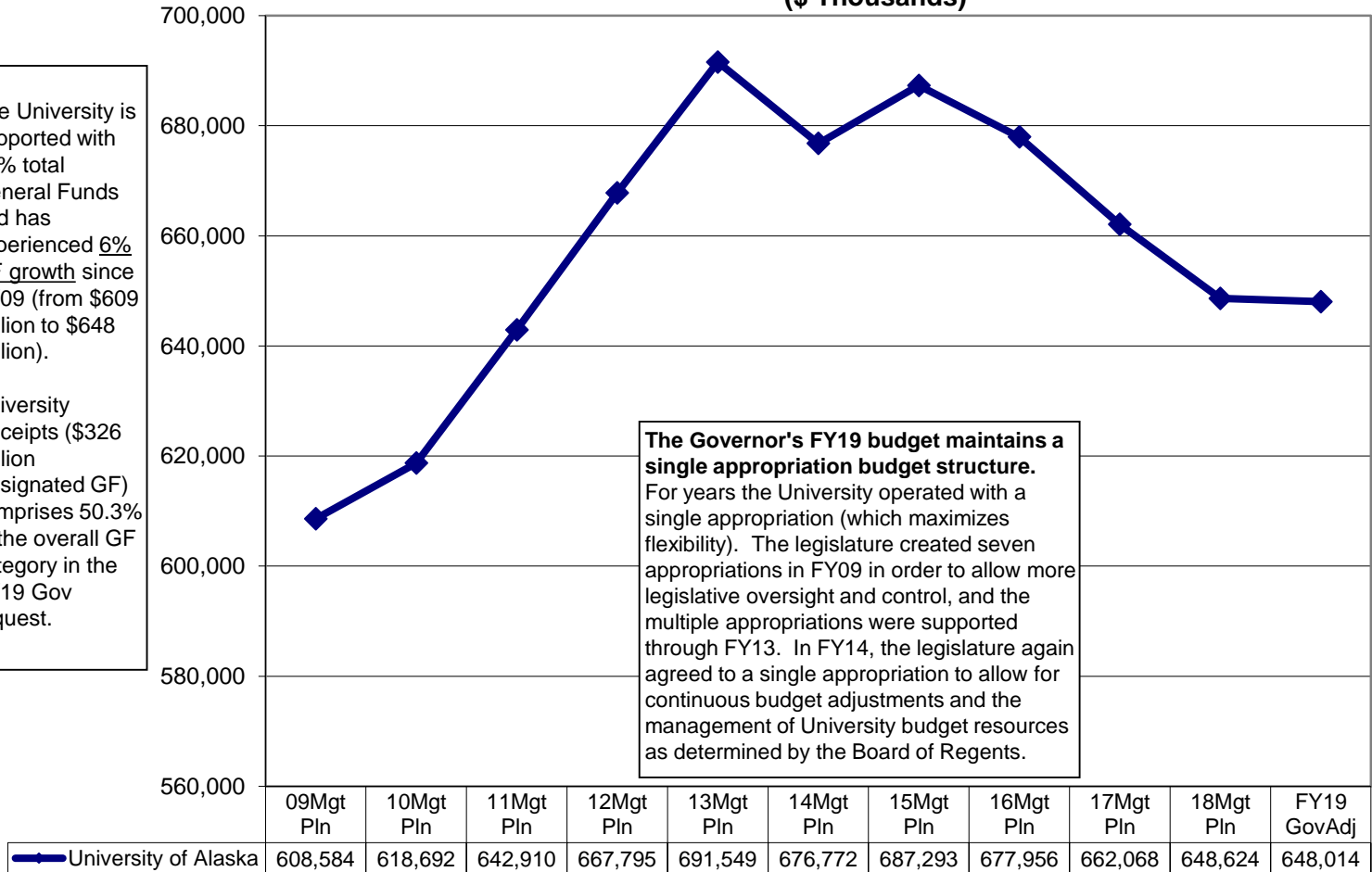


University of Alaska Appropriation (GF Only) (\$ Thousands)

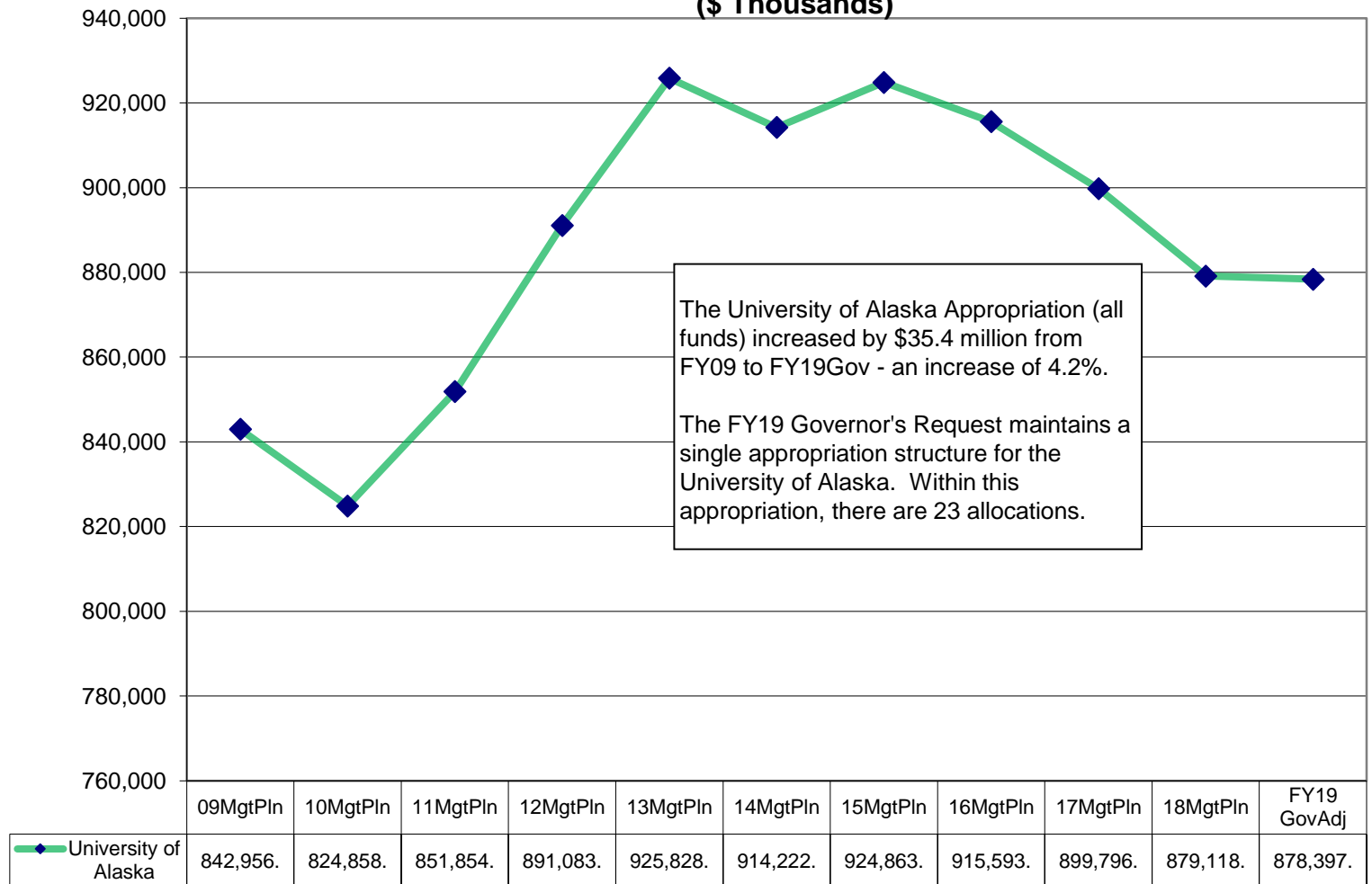
The University is supported with 74% total General Funds and has experienced 6% GF growth since FY09 (from \$609 million to \$648 million).

University Receipts (\$326 million Designated GF) comprises 50.3% of the overall GF category in the FY19 Gov request.

The Governor's FY19 budget maintains a single appropriation budget structure. For years the University operated with a single appropriation (which maximizes flexibility). The legislature created seven appropriations in FY09 in order to allow more legislative oversight and control, and the multiple appropriations were supported through FY13. In FY14, the legislature again agreed to a single appropriation to allow for continuous budget adjustments and the management of University budget resources as determined by the Board of Regents.



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



Program Areas

FY18 Budget	Employees	Alaskans Served	Costs Recuprated	Mission Importance	Effectiveness
Education: academic instruction; career & technical training; student services; academic support; scholarships; athletics; and library.					
UGF: \$252 M DGF: \$255 M Other: \$61 M <u>Fed: \$61 M</u> Total: \$629 M	Full-time: 3,050 Part-time: 145	Delivered 543,228 credit hours (FY2017); Served 29,171 students (fall 2016); and Conveyed 4,594 degrees, certificates and endorsements (FY2017)	In FY2017, tuition and fees covered ~ 16% of total expenditures.	Increasing educational attainment, and high-demand skills; meeting Alaska's workforce demands, improving economic competitiveness	FY17: 2,936 degrees awarded in high demand occupations; 100+ programs fully available on-line; E-Learning increased 43% since FY13
Research: scientific and academic research; majority funded by federal and other external sources.					
UGF: \$36 M DGF: \$50 M Other: \$17 M <u>Fed: \$74 M</u> Total: \$177 M	Full-time: 731 Part-time: 32	Invention disclosures average 54 per year over 5-years; leads to commercialization of technologies for entrepreneurs and Alaskans	In FY2017, every invested state research dollar generated \$4-\$6 dollars from other sources.	Driving investment, innovation and discovery; solving real-world problems; supporting policy and decision making	Average number of invention disclosures has increased 82.4% from FY2013.
Service: activities, resources and unique capabilities made available to address Alaskan issues and community needs.					
UGF: \$29 M DGF: \$26 M Other: \$9 M <u>Fed: \$9 M</u> Total: \$73 M	Full-time: 278 Part-time: 14	Over 11,000 youth engaged in 4-H programs; Over 178,000 outreach publications distributed; Provided technical assistance to 928 businesses	Course fees Donations Partnerships Publication sales	Interpreting and extending Alaska relevant knowledge in an understandable and usable form.	Alaskan participation in UA outreach programs remains high, demonstrating the programs are meeting State needs.
Total University FY18 Operating Budget					
UGF: \$317 M DGF: \$331 M Other: \$87 M <u>Fed: \$144 M</u> Total: \$879 M					

Building a Culture of Education

Alaska is a land of great wealth

- natural resources
- environment
- global location
- diverse, rich cultures
- adventurous people
- growing Alaska Native corporations and tribal organizations
- opportunity to create a sustainable future for generations to come

Our state faces very serious challenges

- vast geography and a small population
- low educational attainment
- health disparities
- critical workforce gaps
- narrow economic base
- high costs in such areas as health care, facilities, energy, and telecommunications
- fiscal uncertainty at state level and recent, severe budget cuts to UA (cumulative \$145M, FY14-FY18)

There is no single organization in Alaska better poised to solve Alaska's problems and pursue its opportunities than the University of Alaska

- mission
- assets
- record of success
- public support
- partnerships
- plan
- commitment

UA is a prime investment in the capabilities and the ideas to propel Alaska forward

- top quality courses and programs in high demand fields, including extensive offerings in the social sciences, humanities, and the arts
- high powered research into issues relevant to Alaska and the world
- inspiring and transformational role in our students' lives
- critical role of public and community service

Strategic Pathways

How do we optimize our statewide system to achieve our goals for higher education in 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, with primary focus on workforce development through its several regional community campuses	UA FAIRBANKS Research university renowned for leadership in Arctic and the North, with additional focus on workforce development and community and rural education	UA SOUTHEAST Comprehensive regional university focused on interdisciplinary & marine-oriented programs, teacher education, e-Learning, and workforce development
CAMPUS LEAD FOR THE STATE*	Research	Social and economic sciences, health policy	Arctic science and policy, physical, biological, and social sciences, engineering and applied energy	Interdisciplinary / environmental
	Teaching	<ul style="list-style-type: none"> Health professions Business and public policy Economics Logistics Project Management 	<ul style="list-style-type: none"> Physical, natural, and related sciences Arctic / Northern Studies Rural development / tribal management Doctoral education Mine training Fisheries and ocean sciences 	<ul style="list-style-type: none"> Marine-oriented programs (including joint programs with UAF) Teacher education (administration) Interdisciplinary degrees/ degree completion Emphasis on regional workforce priorities, e.g., mine training.
	Outreach	<ul style="list-style-type: none"> 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 Social Sciences & Natural Sciences Nursing Engineering Distance Education / E-Learning Career and Technical Education Alaska Native Studies Teacher Education Management Mine training Wide choice of non-major courses Dual credit with K-12 Developmental Education 		

Rev: November 2017

* Research, teaching, and outreach at campuses other than the "lead" campus that are of high quality, cost effective, and core to mission, will continue to be provided.

Strategic Objectives

- Drive Economic Development
- Provide a Skilled Alaskan Workforce
- Grow UA's World Class Research
- Increase Degree Attainment
- Operate More Cost Effectively

UA 2018-2025 Goals and Measures

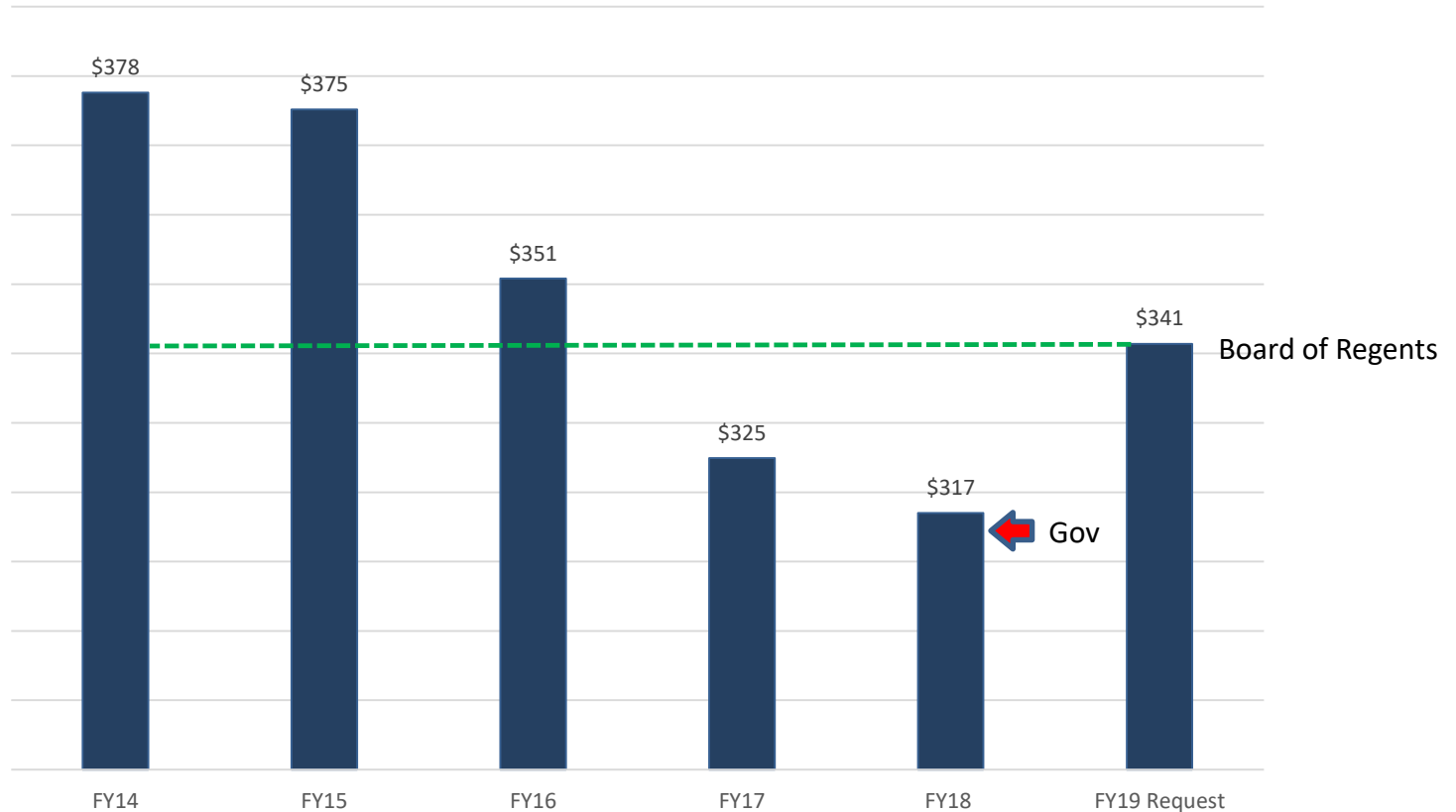
	2017 (baseline)	2018	2019	2020	2021	2022	2023	2024	2025
1. Contribute to Alaska's economic development									
A. Increase STEM graduates	1,636	1,720	1,810	1,905	2,005	2,110	2,221	2,337	2,460
B. Increase # invention disclosures	17	19	21	23	25	27	29	31	34
2. Provide Alaska's skilled workforce									
A. Increase % of educators hired	30%	35%	40%	45%	50%	60%	70%	80%	90%
B. Double number of health program completions	874	912	1,002	1,100	1,209	1,328	1,459	1,602	1,760
3. Grow our world class research									
A. Lead the world in Arctic related research	1	1	1	1	1	1	1	1	1
B. Increase research expenditures	\$159m	\$167m	\$175m	\$184m	\$193m	\$203m	\$213m	\$224m	\$235m
4. Increase degree attainment									
A. Increasing enrollment	29,171	29,171*	31,000	33,000	35,000	37,500	40,000	42,500	45,000
B. Increasing completions	4,594	4,800	5,200	5,800	6,600	7,500	8,400	9,400	10,400
5. Operate more effectively									
A. Decrease total cost of education (indirect and direct) per completer	\$107.3	\$102.5	\$94.7	\$87.5	\$80.9	\$74.8	\$69.1	\$63.8	\$59.0
B. Increase annual completions per FTE	23/100	24/100	25/100	27/100	28/100	30/100	31/100	33/100	35/100

*FY18 enrollment is 27,823

State Operating Budget Trend

(UGF in millions of \$)

Unrestricted General Funds History



FY19 Operating Budget

(UGF Millions \$)

FY2018 Base Operating Budget	\$317.0
• Compensation	\$0.0
• Fixed Costs & Budget Adjustments	\$9.7
• Facilities Maintenance	\$3.7
• Utilities	\$3.1
• UAF Engineering Building Operating Costs	\$2.1
• Academic & Research Subscriptions	\$0.9
• Mental Health Trust Adjustment	-\$0.1
• Strategic Investments	\$14.7
• Contribute to Alaska's Economic Development	\$1.6
• Provide Alaska's Skilled Workforce	\$2.1
• Grow Our World Class Research	\$3.7
• Increase Degree Attainment	\$7.3
FY2019 Board of Regents Budget Request	\$341.4

Workforce Reductions FY15-FY18

Headcount Fall 2014 (FY15) ⁽¹⁾

	SW	UAA	UAF	UAS	Total
Regular	239	1,795	2,127	349	4,510
Leadership ⁽²⁾	34	75	71	12	192
Faculty	0	629	649	114	1,392
Staff	205	1,091	1,407	223	2,926
Temporary	52	1,714	1,846	308	3,920
Adjunct Faculty	6	666	358	118	1,148
Staff	20	316	426	56	818
Student	26	732	1,062	134	1,954
Total Headcount	291	3,509	3,973	657	8,430

Headcount Fall 2017 (FY18) ⁽¹⁾

	SW	UAA	UAF	UAS	Total
Regular	163	1,605	1,818	303	3,889
Leadership ⁽²⁾	28	66	57	11	162
Faculty	0	569	544	106	1,219
Staff	135	970	1,217	186	2,508
Temporary	24	1,563	1,581	190	3,358
Adjunct Faculty	0	585	338	62	985
Staff	6	262	347	38	653
Student	18	716	896	90	1,720
Total Headcount	187	3,168	3,399	493	7,247

Change in Headcount (FY15-FY18)

	SW	UAA	UAF	UAS	Total
Regular	-76	-190	-309	-46	-621
Temporary	-28	-151	-265	-118	-562
Total Headcount	-104	-341	-574	-164	-1,183
% Change	-36%	-10%	-14%	-25%	-14%

1. Employees with active assignments as of Oct 1st 2014 and 2017.

2. Includes Academic Leaders (12 month regular faculty ecls FR).

Key Observations

- 1,183 fewer employees than three years ago.
- Largest reductions have occurred at Statewide Administration and in administrative and academic leadership positions on campus.
- Leadership and staff positions have been reduced at a higher rate than regular faculty.
- Reductions achieved primarily through attrition, retirement, ending term contracts, and eliminating or leaving positions vacant.
- UA has reduced 699 State authorized positions (PCNs).

Program Reductions FY15-FY18

Academic/Job Training Programs Impacted:

Discontinued

- GC Clinical Social Work Practice (UAA)
- PhD Clinical-Community Psychology (UAF)
- BA & BBA Economics (UAF)
- AAS Apprenticeship Technology (UAS)
- Certificate Automotive Technology (UAS)
- Associate of Business (UAS)

Suspended

- MS Applied Environmental Science & Tech (UAA)
- MS Engineering Management (UAA)
- MS Science Management (UAA)
- AAS Computer Info and Office Systems (UAA)
- BA Philosophy (UAF)
- MS Resource Economics (UAF)
- BA & BS Sociology (UAF)

Strategic Pathways Implementations:

- Three schools of management consolidating to two.
- Leveraging purchasing to reduce cost. University procurement offices organized under a single procurement officer's leadership.
- Streamlining and automating administrative processes and systems.

Other Legislative Priorities

- **Extend Education Tax Credit**

- Expires December 2018
- Represents \$5 - \$7 Million in revenue
- Simple concept – complicated statute

- **Protecting Higher Education Fund**

- ~ \$18 Million Annual Draw
 - ✓ Alaska Performance Scholarship (~\$12M)
 - ✓ Alaska Education Grant (~\$6M)
- Non-designated appropriations depleting fund

- **Solving Land Grant Deficit**

University of Alaska – Health & Wellness

UA's Health Costs: UA's health costs trend lower than other Alaska public employers. The only employee benefit UA bargains is the employee/employer health cost share. Currently UA covers 82% of "net plan costs," and employees cover 18%. "Net plan costs" are paid claims plus administrative costs, net of pharmacy rebates. A recent Willis Towers Watson (WTW) study identified UA's plan as one of the more "efficient" in the state – meaning we spend less while getting better value. We can provide the WTW report to Co-Chairs office for reference. In FY17 we had a very favorable experience with large claims (claims over \$100k), which typically drive plan costs. We anticipate that employees may see a reduction in health plan payroll costs this year due to our population's lower than expected experience last year with claims, emergency room visits and pharmacy costs.

Wellness: UA is committed to helping our employees achieve their best health status. We use Healthy Roads as our third-party wellness provider which is an outcomes based wellness program, meaning employees qualify for incentives by meeting 3 of 5 biometric targets, such as blood pressure, waist circumference, glucose, etc. Along with a Personal Health Assessment (PHA) and biometric screenings employees can earn points for participating in wellness-oriented activities – annual dental/vision exams, wellness visit physicals, flu shots, immunizations, health coaching, tobacco cessation, participating in Heart Walks, 5Ks, etc. Participation can qualify employees and spouses for a rebate on their health care contributions. Employees can make recommendations for activities they believe should qualify for wellness program credits - the Valdez campus recently identified a community health event. We've recently developed a nutrition program that matches employees with health coaches to help customize diet/weight loss. We develop healthy life-style activities – like the Idita-Walk Challenge which sets the goal of walking 1,000,000 steps or the length of the historic Iditarod Trail; and the Maintain Without Gain Challenge which encourages healthy eating over the holiday's to prevent people from adding extra pounds. The "Wellbeing Challenge" to be held later this spring will give points for talking to your doctor about the importance of Vitamin D, and for taking a supplement and other activities.

UA participates in Department of Health & Social Services (DHSS) initiatives like the Chronic Disease Prevention and Health Promotion program and communicates those opportunities to our employees – for example the recent "TurnAround Health!" diabetes prevention program. We can work with Healthy Roads to update our upcoming wellness communications to advocate for the benefits of Vitamin D.

Workforce: The Board of Regents has set a goal of doubling the number of health graduates from 800+ to over 1,600 by 2025. A regional planning process is underway to achieve the Regents' goal. UA has already expanded nursing slots in almost all 14 outreach sites and plans to continue that expansion. In response to industry requests, we have just added a Surgery Technician program in Anchorage.

Research: UA has the ability to help policy makers develop health care costs and policy through research and analysis. The Institute of Circumpolar Health Studies (ICHS) could do meta analysis of the existing research around the efficacy of Vitamin D. We could also develop an actual Alaska specific study of the health impacts of Vitamin D as well as collect and analyze longitudinal data – on state corrections or other target populations – tailored to the state's short, medium and long-term policy objectives.

The UAF Center for Alaska Native Health Research (CANHR) and their collaborators have published several recent vitamin D related papers:

- Last year, Dr. Diane O'Brien (CANHR) in collaboration with the Alaska Native Tribal Health Consortium (ANTHC), published a study (1960-1990s) that determined the shift from traditional

fish and marine diets in the diet of Yukon-Kuskokwim (Y-K) Delta residents has resulted in vitamin D deficiencies, with all the associated health risks. In the 1960s no young women were vitamin D insufficient, whereas in the present day nearly 30% are vitamin D insufficient. This is particularly problematic for prenatal Alaska Native women and as a consequence, the Department of Health and Social Services (DHSS) changed the recommended vitamin D supplementation for pregnant women. This work was done in Dr. O'Brien's lab and at the UAF Alaska Stable Isotope Facility.

- 2016 - Alie Fohner (UW), collaborating with Bert Boyer (formerly UAF), Dr. O'Brien (UAF), Ken Thummel (UW) and others, published a study showing that traditional diet (fish) intake is a major determinant of vitamin D status in a Y-K Delta population, and that many younger participant in the study were vitamin D insufficient.
- 2015 - Ros Singleton at ANTHC/Center for Disease Control (CDC) published a paper documenting 16 cases of rickets, a disease of vitamin D deficiency that causes serious skeletal and other abnormalities, in Alaska native infants and children starting in the late 1990s. Rickets was previously unheard of in the state. The region most affected was the North Slope.
- 2014 - Bret Luick (CANHR) and Andrea Bersamin (Institute of Arctic Biology) at UAF published a study showing that locally harvested fish supplied 90% of vitamin D intake in a Y-K Delta population. While it was known that fish was a good source of vitamin D, it was not previously known the extent to which fish was necessary to supply vitamin D to that population.