



University of Alaska

FY20 Budget Discussion

House Finance Subcommittee

University of Alaska

March 7, 2019

University Mission

- **Education**

Delivering academic instruction, career and technical training



- **Research**

Advancing innovation and discovery through academic and scientific research



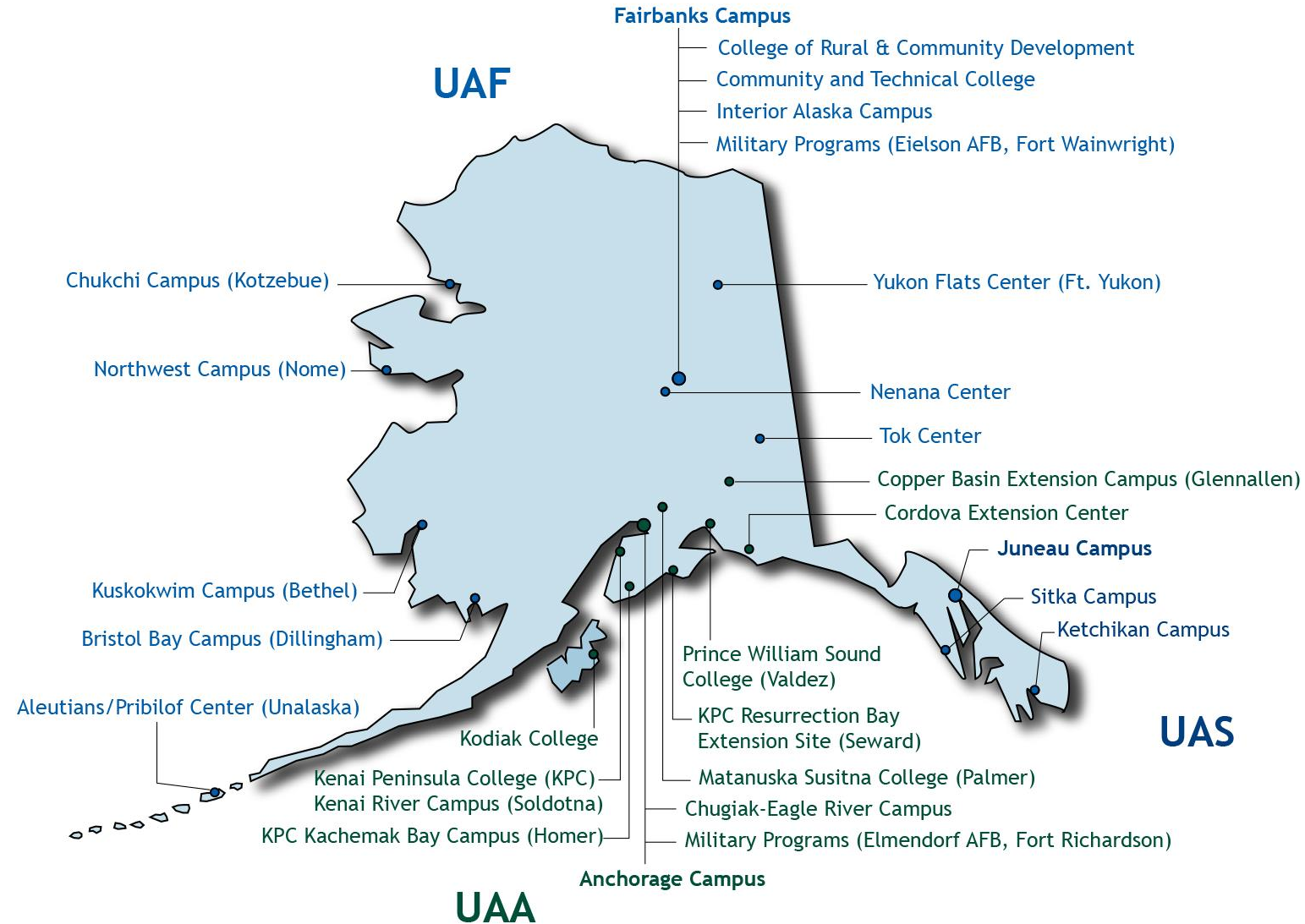
- **Service**

Sharing knowledge to address Alaska's community needs



Serving All Alaskans

Three Universities - One Integrated System



Education is a Core State Function

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.

University's Three-Part Mission

FY19 Budget	Employees	Alaskans Served	Costs Recuperated	Mission Importance	Effectiveness
Education: academic instruction; career & technical training; student services; academic support; scholarships; athletics; and library.					
UGF: \$260 M DGF: \$253 M Other: \$60 M <u>Fed: \$61 M</u> Total: \$634 M	Full-time: 2,976 Part-time: 143	In FY2018 UA: Delivered 515,790 credit hours; Served 17,555 full-time equivalent students; and Conveyed 4,554 degrees, certificates and endorsements	In FY2018, tuition and fees covered ~ 16.4% of total expenditures	Increasing educational attainment, and high-demand skills; meeting Alaska's workforce demands, improving economic competitiveness	FY2018: Conveyed 939 degrees in health-related programs; and 100+ programs fully available on-line
Research: scientific and academic research; majority funded by federal and other external sources.					
UGF: \$37 M DGF: \$53 M Other: \$18 M <u>Fed: \$74 M</u> Total: \$182 M	Full-time: 748 Part-time: 32	In FY2018: UA faculty, students & staff produced 34 invention disclosures, a 1 st step toward commercialization of technologies for entrepreneurs and Alaskans	On average, in FY2018, every invested state research dollar generated nearly \$6 dollars from other sources	Driving investment, innovation and discovery; solving real-world problems; supporting policy and decision making	FY2018: Conveyed 1,691 degrees in Science, Technology, Engineering and Mathematics (STEM) related programs
Service: activities, resources and unique capabilities made available to address Alaskan issues and community needs.					
UGF: \$30 M DGF: \$25 M Other: \$9 M <u>Fed: \$9 M</u> Total: \$73 M	Full-time: 269 Part-time: 14	Over 190,000 outreach publications distributed; and Provided technical assistance to 1,259 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 FY19 Operating Budget					
UGF: \$327 M DGF: \$331 M Other: \$87 M <u>Fed: \$144 M</u> Total: \$889 M					



Regents' Strategic Objectives

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

Goals & Measures

2017-2025

	2017 Baseline	2018 Observed	2019 Target	2020 Target	Change 2019-2020	2025 Goal
1. Contribute to Alaska's economic development						
Increase STEM graduates	1,628	1,691	1,776	1,875	+99 (6%)	2,460
Increase # invention disclosures	17	34	23	25	+2 (9%)	34
2. Provide Alaska's skilled workforce						
Increase % of educators hired	30%	33%	37%	43%	+6% (16%)	90%
Double number of health program completions	874	939	986	1,086	+100 (10%)	1,760
3. Grow our world class research						
Lead the world in Arctic related research	1	1	1	1		1
Increase research expenditures	\$159.4m	\$150.7m	\$157.4m	\$168.3m	+\$10.9m (7%)	\$235m
4. Increase degree attainment						
Fiscal Year Student Full Time Equivalent (FTE)	18,492	17,555	18,433	19,825	+1,392 (8%)	28,526
Increase completions	4,594	4,554	4,781	5,442	+661 (14%)	10,400
5. Operate more cost effectively						
Decrease total cost of education (indirect and direct) per completer	\$107.3	\$108.4	\$103.0	\$93.9	-\$9.1 (-9%)	\$59.0
Increase annual completions per Full Time Equivalent (FTE)	23/100	23/100	24/100	26/100	+1.6 (6%)	35/100

Note: Information is reviewed annually as part of the President's performance compensation (quantitative performance goals)

Alaska's Challenges Are Real

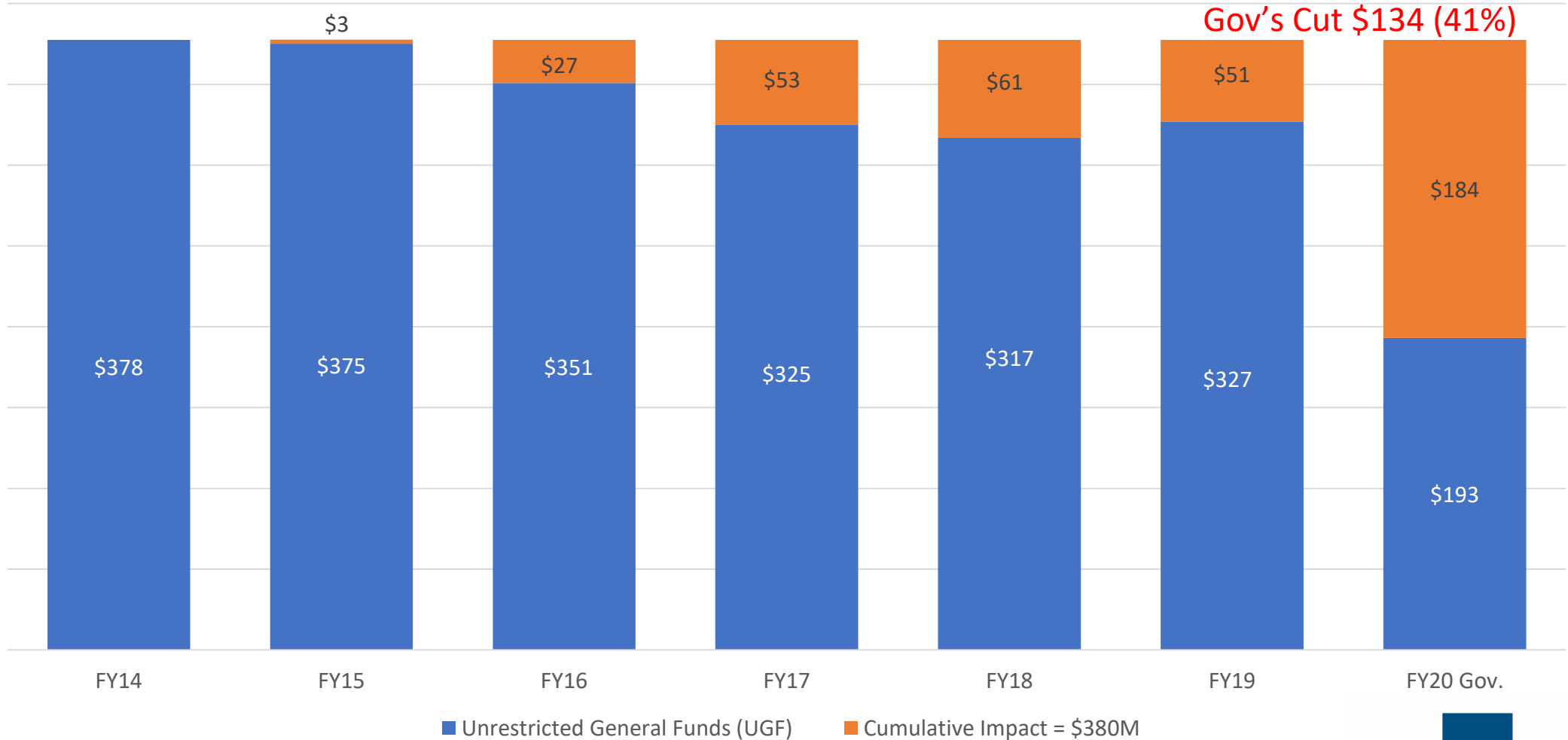
- Jobs # 1 in unemployment in US
- Crime # 1 concern of Alaskans
- Health Care Costs # 1 in the US, #2 concern of Alaskans
- Energy Costs # 6 in US, #3 concern of Alaskans
- Economic Development #42 in New Economy Index in US
- Job Growth #50 in US
- Education #50 in US in post-secondary participation
- Teachers 67% hired from "outside" Alaska each year
- Demographics Population has declined 6 years running
- Climate Threatened communities & infrastructure

The University's Commitment

Through our education, research and public service mission, the University of Alaska is committed to:

- Prepare Alaskans for Alaska's jobs
- Rebuild Confidence in Alaska's future
- Stimulate Economic Development
- Contribute to Alaska's Job Growth
- Build a Culture of Education
- Prepare Alaska's teachers and other high demand occupations
- Lower Health Costs
- Lower Crime Rate
- Reduce Energy Costs
- Understand climate change and mitigate its impacts of on our communities

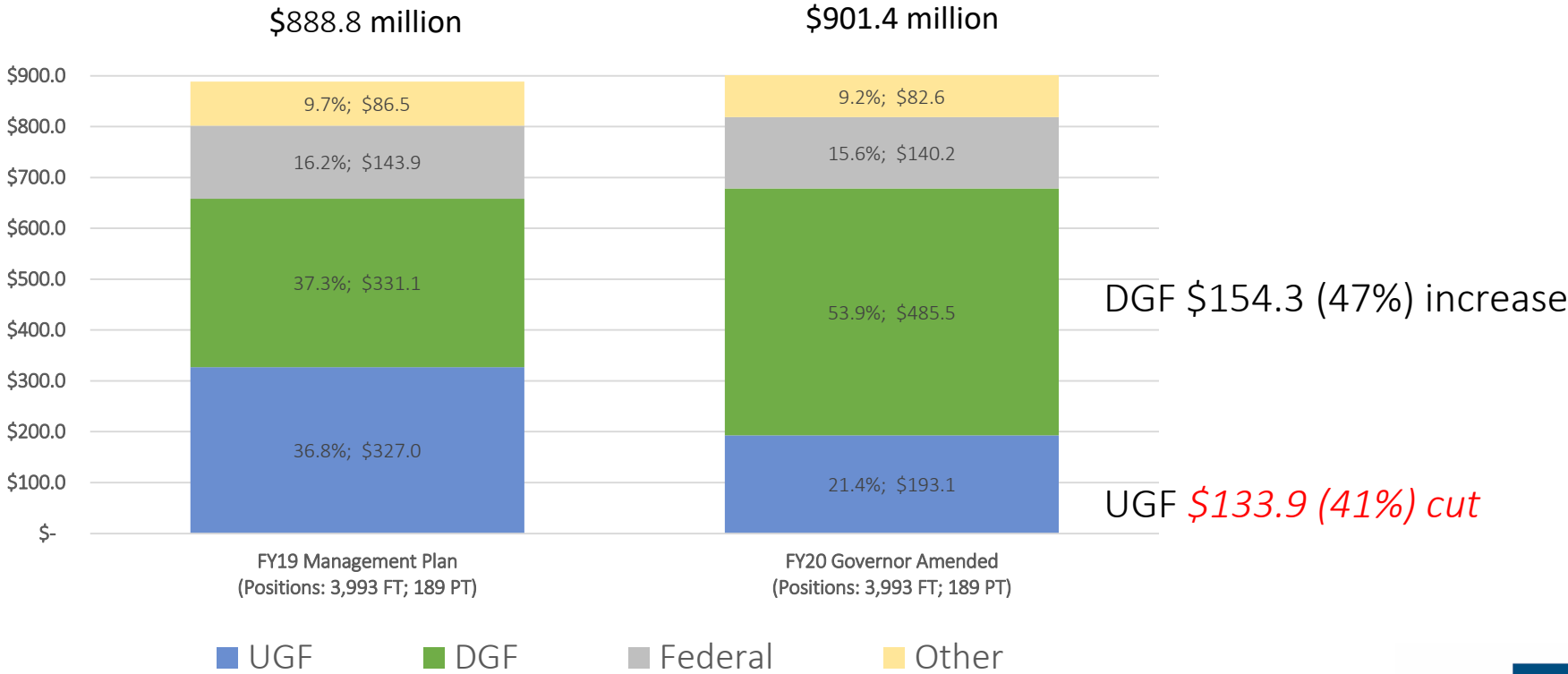
University UGF Funding History



University of Alaska Budget

By Major Fund Type

FY19 Mgmt Plan to FY20 GovAmd



University of Alaska Budget

By Fund Category

	FY19 MgtPlan	FY20 GOV	Change
UGF			
General Funds	\$ 321,450	\$ 187,522	\$ (133,929)
General Fund Match	\$ 4,777	\$ 4,777	\$ -
GF/MHTrust	\$ 806	\$ 806	\$ -
UGF Total	\$ 327,034	\$ 193,105	\$ (133,929)
DGF			
Student Tuition & Fees	\$ 147,356	\$ 147,356	\$ -
University Receipts	\$ 95,874	\$ 95,874	\$ -
Auxiliary Receipts	\$ 44,911	\$ 44,911	\$ -
Indirect Cost Recovery	\$ 34,487	\$ 34,487	\$ -
TVEP	\$ 4,926	\$ 4,926	\$ -
Interest Income	\$ 3,576	\$ 3,576	\$ -
License Plate Revenue	\$ 1	\$ 1	\$ -
DGF Total	\$ 331,131	\$ 485,470	\$ 154,339
Federal	\$ 143,853	\$ 140,226	\$ (3,627)
Other			
UA Intra-agency Receipts	\$ 58,121	\$ 58,121	\$ -
State Inter-agency Receipts	\$ 16,201	\$ 14,616	\$ (1,585)
CIP Receipts	\$ 10,531	\$ 8,181	\$ (2,350)
MHTAAR	\$ 1,678	\$ 1,682	\$ 4
Other Total	\$ 86,530	\$ 82,600	\$ (3,931)
Total UA Budget	\$ 888,548	\$ 901,401	\$ 12,853

- UGF \$134 million cut is real
- DGF \$154 million increase is not
- In the face of declining enrollments, and year-over-year increases to tuition....
- Our ability to capture \$154 million in new tuition and fees is not realistic

FY20 Governor's Budget Proposal

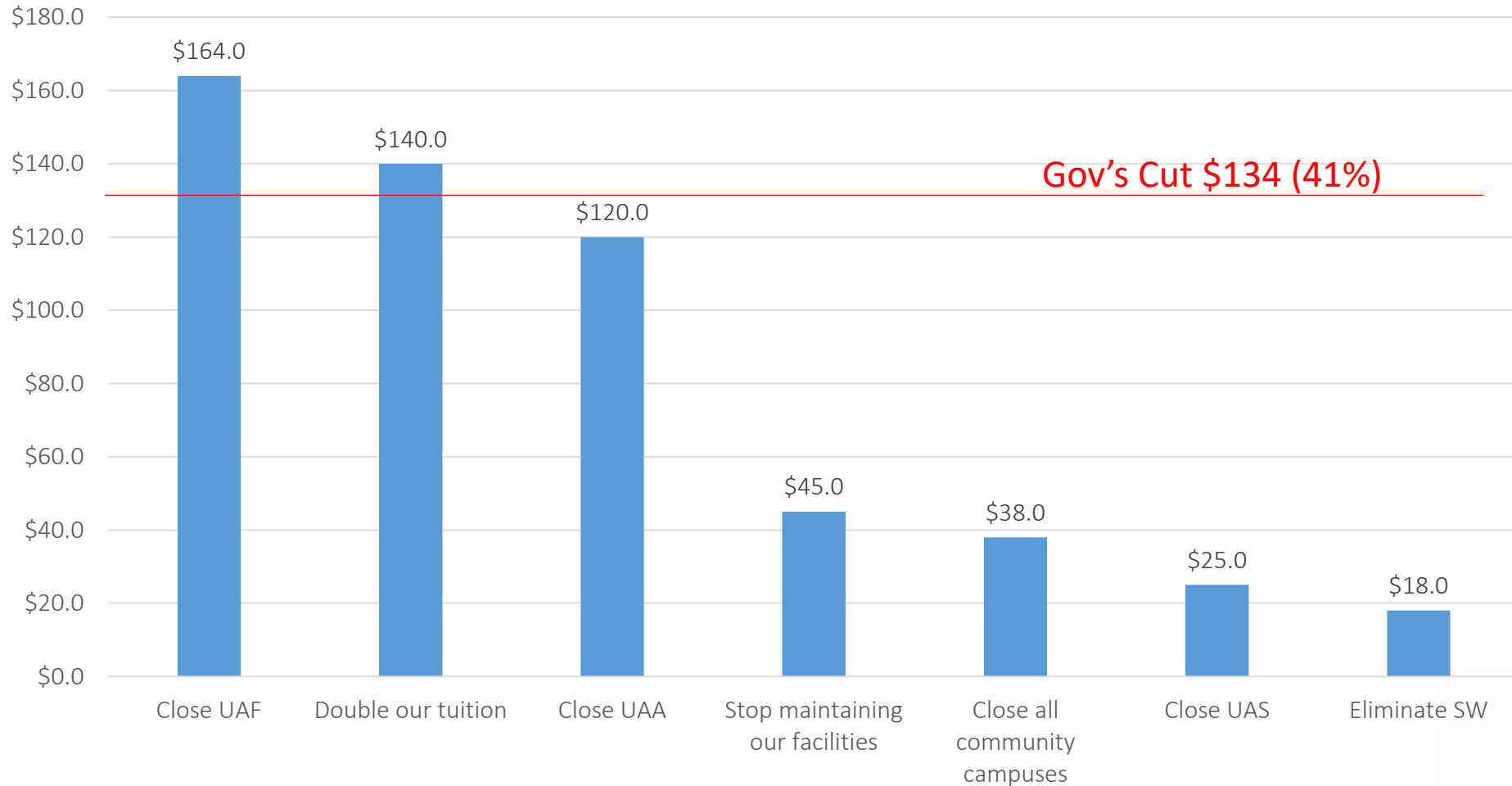
- \$134 mill UGF Reduction - 41% (FY19 \$327 to FY20 \$193)
- Structure: Single appropriation to two appropriations
 - UA Systemwide – reduced \$154.3 million (-54%)
 - UA Community Campuses – increased \$20.4 million (+49%)
- Additional \$154.3 million university receipt authority without an identified revenue source
 - BOR reduced three sources of “hollow” budget authority in their FY20 budget
- Community Campus UGF appropriation \$61.7 million
 - \$11,000 times 5,611 student full-time equivalent (FY18)
- Legislation proposed (SB59/HB61) to repeal debt service reimbursement equivalent to \$1.2 million annually (principal balance \$9.3 million)
 - University Center in Anchorage (\$877.4k annually)
 - Joint Use Readiness Center in Juneau (\$338.2k annually)
- WWAMI program support eliminated from DEED budget
 - WWAMI program is offered at UAA in partnership with Univ of Washington School of Medicine

FY20 Governor's Budget Impacts

- \$134 million cut - single largest year-over-year budget reduction in the university's 100 year history
- Devastating to higher-education in Alaska
- Severe repercussions to the state's economy
- Fundamental reassessment of our ability to perform basic aspects of our education, research, and service mission
- Elimination of programs, facilities and services throughout the state, will be unavoidable
- Difficult to meet the state's 65% by 2025 workforce challenges

Magnitude \$134 Mill Reduction

To put the number in perspective, here are some current operating costs:



Headcount Reductions

Employee Headcount Change Fall 2014-2018 (FY15-FY19) ⁽¹⁾

	SW ⁽²⁾	UAA ⁽⁴⁾	UAF	UAS	Total	% of Total
Regular	-68	-176	-337	-42	-623	-14%
Officers/Sr. Administrators ⁽³⁾	-5	-8	-9	0	-22	-11%
Faculty	0	-74	-126	-5	-205	-15%
Staff	-63	-94	-202	-37	-396	-14%
Temporary	-26	-217	-316	-101	-660	-17%
Adjunct Faculty	-6	-101	-36	-55	-198	-17%
Staff	-10	-57	-56	-22	-145	-18%
Students	-10	-59	-224	-24	-317	-16%
Total Headcount Reduction	-94	-393	-653	-143	-1,283	-15%

1. Employees with active assignments as of Oct 1st of each year.

2. Includes: 33 regular and 3 temporary positions transferred from SW to UAF for the K-12, OIT, and MAPTS program; and 30 regular and 4 temporary positions in UA's Enterprise Entities RDU.

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

4. Includes 145 positions transferred from UAF to UAA in FY15.



Headcount Reductions

Headcount Fall 2014 (FY15) ⁽¹⁾

	SW ⁽²⁾	UAA ⁽⁴⁾	UAF	UAS	Total
Regular	239	1,795	2,127	349	4,510
Officers/Sr. Administrators ⁽³⁾	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 2018 (FY19) ⁽¹⁾

	SW ⁽²⁾	UAA ⁽⁴⁾	UAF	UAS	Total
Regular	171	1,619	1,790	307	3,887
Officers/Sr. Administrators	29	67	62	12	170
Faculty	0	555	523	109	1,187
Staff	142	997	1,205	186	2,530
Temporary	26	1,497	1,530	207	3,260
Adjunct Faculty	0	565	322	63	950
Staff	10	259	370	34	673
Student	16	673	838	110	1,637
Total Headcount	197	3,116	3,320	514	7,147

Headcount Change Fall 2014-2018 (FY15-FY19) ⁽¹⁾

	SW ⁽²⁾	UAA ⁽⁴⁾	UAF	UAS	Total	% of Total
Regular	-68	-176	-337	-42	-623	-13.8%
Temporary	-26	-217	-316	-101	-660	-16.8%
Total Headcount Reduction	-94	-393	-653	-143	-1,283	-15.2%
% Change	-32.3%	-11.2%	-16.4%	-21.8%	-15.2%	

1. Employees with active assignments as of Oct 1st of each year.

2. Includes: 33 regular and 3 temporary positions transferred from SW to UAF for the K-12, OIT, and MAPTS program; and 30 regular and 4 temporary positions in UA's Enterprise Entities RDU.

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

4. Includes 145 positions transferred from UAF to UAA in FY15.

Headcount

- 1,283 fewer employees than three years ago.
- Largest reductions have occurred in temporary positions.
- Statewide headcount has been reduced by 32% compared to a 15% reduction for the entire UA system.

Funding

- UGF funding of the System Office (Statewide) has been reduced by \$11 million, or 37% compared to a 12% reduction for the entire UA system.



Employee and Payroll

- UA is one of the largest employers in Alaska.
- Directly supported an average of 7,548 jobs in 2015.
 - \$346 million in annual wages.
 - Total labor income, including benefits, was ~\$455 million.
- When jobs indirectly and directly linked to the University are considered:
 - UA supported 15,740 jobs in 2015
 - Totaling \$630 million in annual wages
- State-wide employment
 - Majority of wages paid in Anchorage, Fairbanks, and Juneau
 - \$301.9 million
 - \$43.7 million in payroll spent in other communities

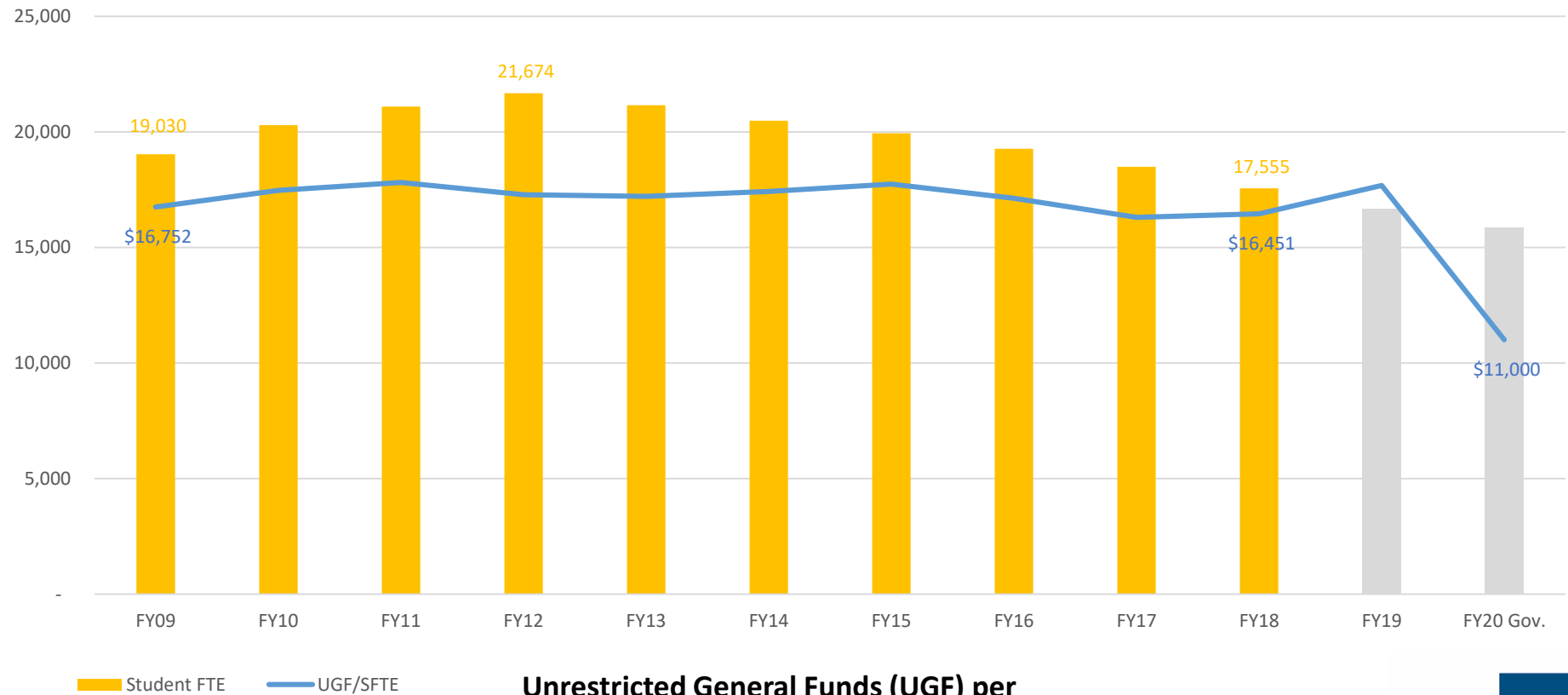
Impact	Direct	Indirect & Induced	Total
Employment Impact (jobs)	8,340	7,400	15,740
Payroll Impact (\$ million)	\$346	\$284	\$630

From McDowell Group report, 2016

State Divestment Compounds Enrollment Challenges

- Overall enrollment at UA has declined since FY14
- National trends correlate funding reductions with reduced enrollment and graduation rates
- Increases in tuition further limit access to affordable higher education and workforce training, impacting enrollment and reducing our available trained workforce
- Looking forward, 65% of Alaska's workforce is projected (by 2025) to require some post-secondary education. Depending on the source, Alaska is now somewhere between 37% or 50%

State Divestment Compounds Enrollment Challenges



Unrestricted General Funds (UGF) per Student Full-time Equivalent (FTE)

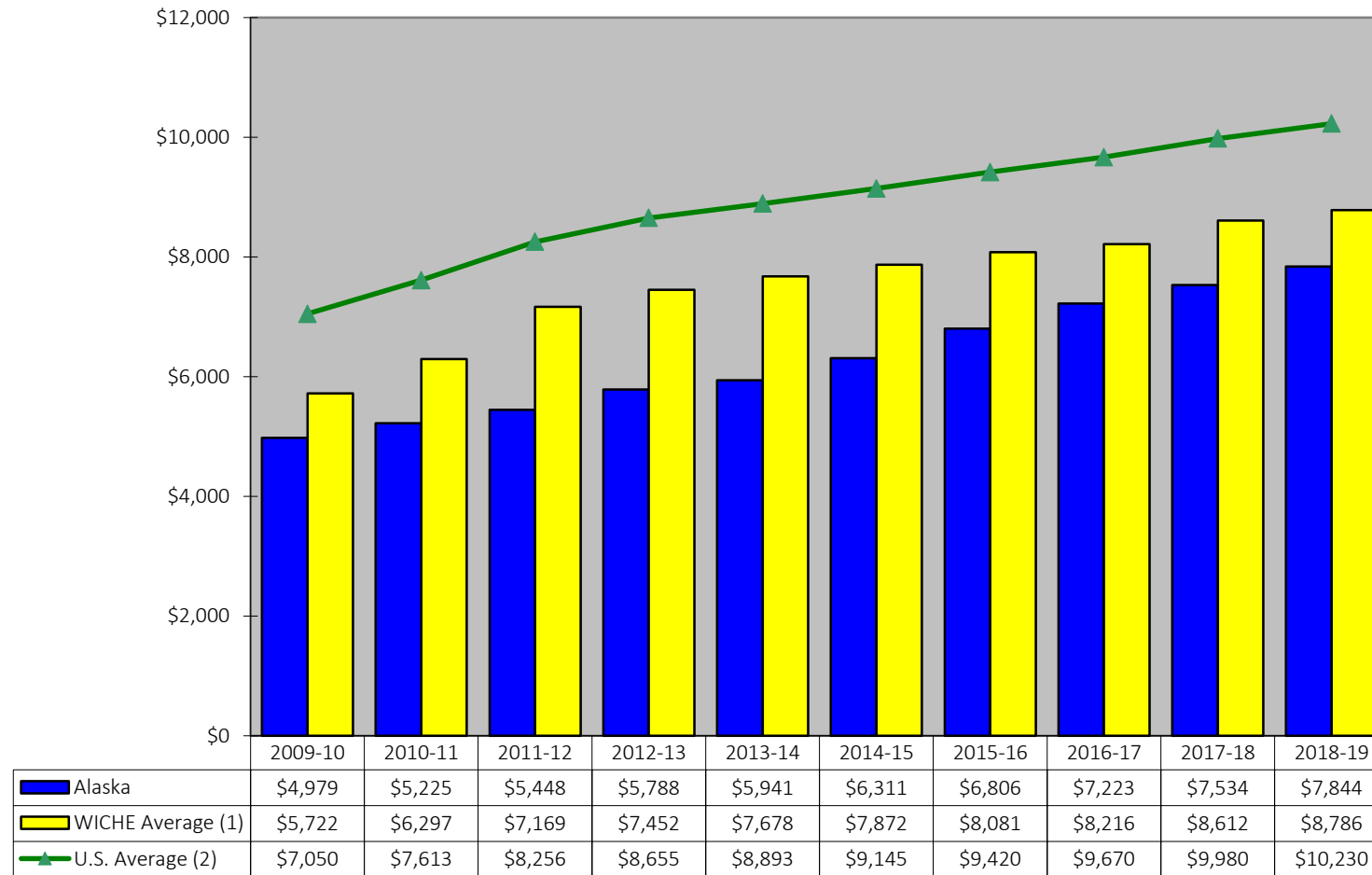
UA Tuition History

Year (Fall-Spring Semesters)	Tuition History	Tuition (\$ per Credit Hour)
2010-2011	4% 100-200 Levels; 7% for all others	\$127-\$170
2011-2012	5% 100-200 Levels; 10% for all others	\$133-\$187
2012-2013	7% 100-400 Levels; 3% Graduate	\$142-\$200
2013-2014	2% all Levels except, 4% Undergraduate & non-resident	\$145-\$204
2014-2015	\$6 per credit Undergraduate; \$12 Graduate & non-resident	\$152-\$210
2015-2016	5% for all	\$160-\$221
2016-2017	5% for all	\$168-\$232
2017-2018	10% for PWSC and Kodiak; 5% for all others	\$185-\$244
2018-2019	10% for PWSC and Kodiak; 5% for all others	\$204-\$256
2019-2020	9.5% for PWSC and Kodiak; 5% for all others	\$223-\$269



Tuition & Fees – Public 4-Yr Institutions

Alaska, WICHE vs U.S. Average



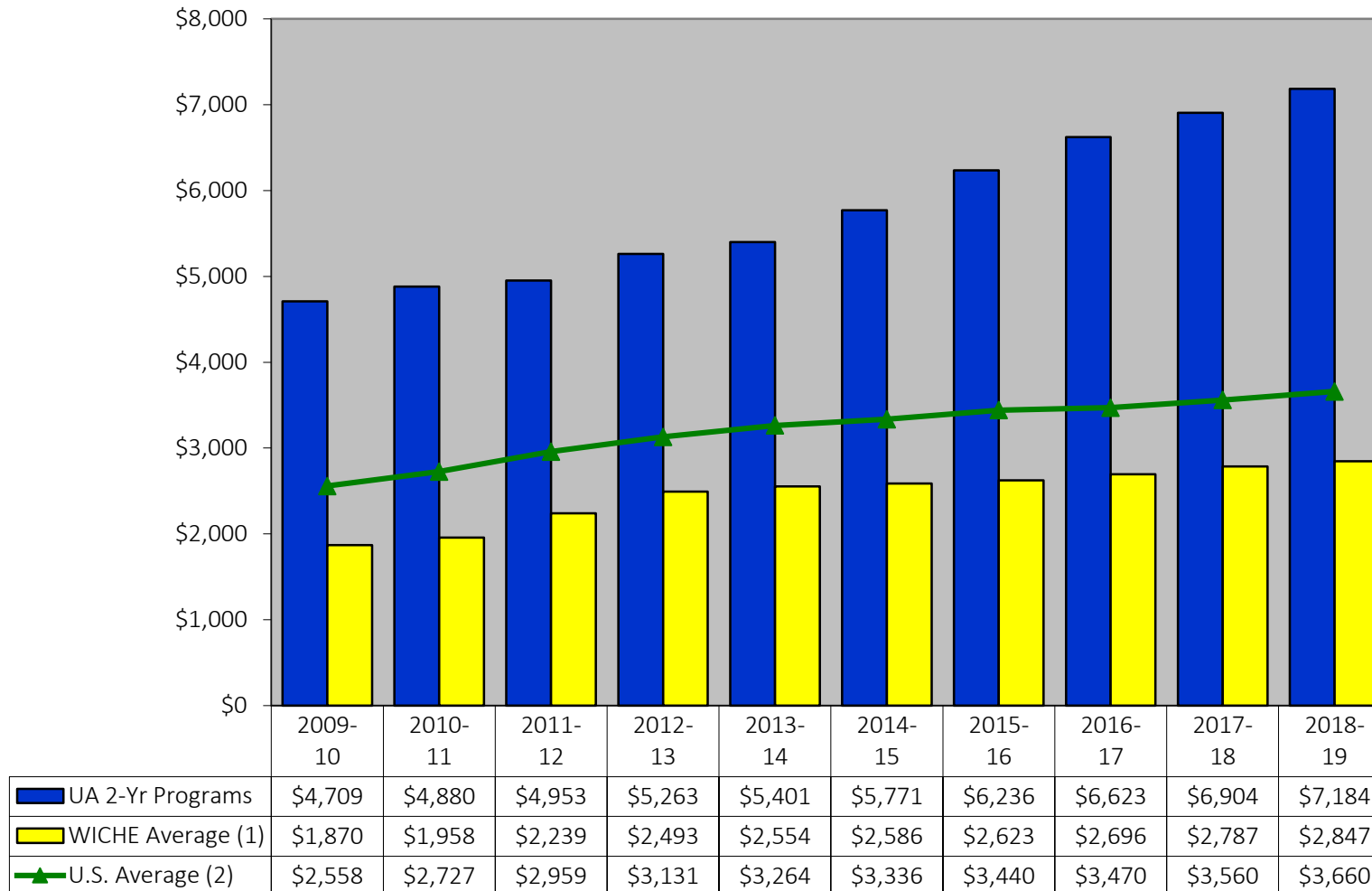
Western
Interstate
Commission
for Higher
Education
(WICHE)

1. Western Interstate Commission for Higher Education (WICHE) Average: *Tuition and Fees in Public Higher Education in the West* (table 3a) <http://www.wiche.edu/>
2. United States Average: *CollegeBoard Trends in College Pricing* (table 1a) <https://trends.collegeboard.org/>



Tuition & Fees – Public 2-Yr Institutions

Alaska, WICHE vs U.S. Average



Western
Interstate
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UNIVERSITY
of ALASKA
Many Traditions One Alaska

1. Western Interstate Commission for Higher Education (WICHE) Average: *Tuition and Fees in Public Higher Education in the West* (table 7a) <http://www.wiche.edu/>
2. United States Average: *CollegeBoard Trends in College Pricing* (table 1a) <https://trends.collegeboard.org/>

Strategic Pathways

Continuous Improvement

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 		



Strategic Pathways

Continuous Improvement

- Diversifying Revenue to Reduce UGF Dependence
- Realigning Business Processes
- Supporting Entrepreneurialism and Technology Transfer
- Reforming Program and Service Delivery
- Maximizing Return on Assets
- Eliminating Non-Essential and Duplicative Programs
- Increasing Tuitions and Fees



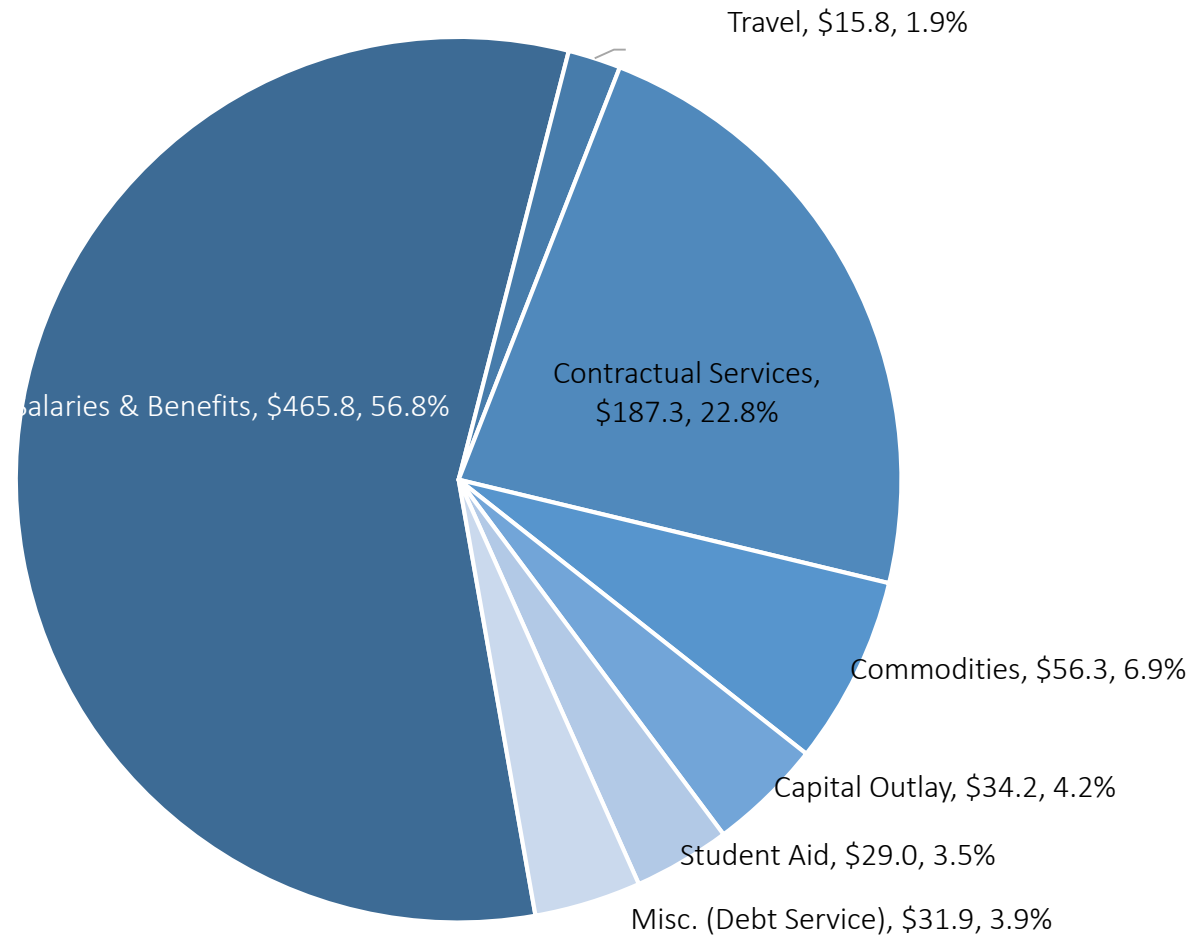
University's Statewide Footprint

• Number of facilities	424
• Total gross square footage	8.2 million
• Average age of facilities	33 years
• Value (adjusted for inflation)	\$4 billion
• Annual maintenance budget (\$40M on-going operating funds + \$5M one-time capital funds)	\$45 million
• Annual maintenance long-term target (on-going operating funds)	\$60 million
• Deferred maintenance/renewal & repurposing backlog	\$1.1 billion
• DM/R&R backlog pay-down request (one-time capital funds)	\$50 million
• DM/R&R backlog per sq ft	\$129/sf

What can be closed, sold or eliminated?

Operating Expenditures by Category

FY18 Actuals (\$820 million)



Operating Expenditures by Category

FY18 Actuals (\$820 million)

