



University of Alaska

Legislative Update

Joint Meeting
Senate & House Education Committee

January 29, 2020

Agenda

- Introduction
- Institutional Overview
- Organizational & Budget Update
- Key Data
- 2020 Legislative Priorities
- Conclusion

Introduction

State funding cuts from FY 2014 to FY 2019—and the threat of a 41% cut in FY 2020—have challenged the university’s ability to serve its constitutional mission for the people of Alaska.

Led by the Board of Regents, the University is facing the challenge, committed to its mission, to lower operating expenses, and to investing in programs and initiatives that serve our students and contribute to Alaska’s future by:

- Developing and diversifying our economy
- Preparing Alaskans for jobs in Alaska
- Conducting research to solve real problems and create new opportunities
- Increasing educational success through enrollment and completion



Institutional Overview

Three-Part Mission

- **Education**

Delivering academic instruction, career and technical training



- **Research**

Advancing innovation and discovery through academic and scientific research



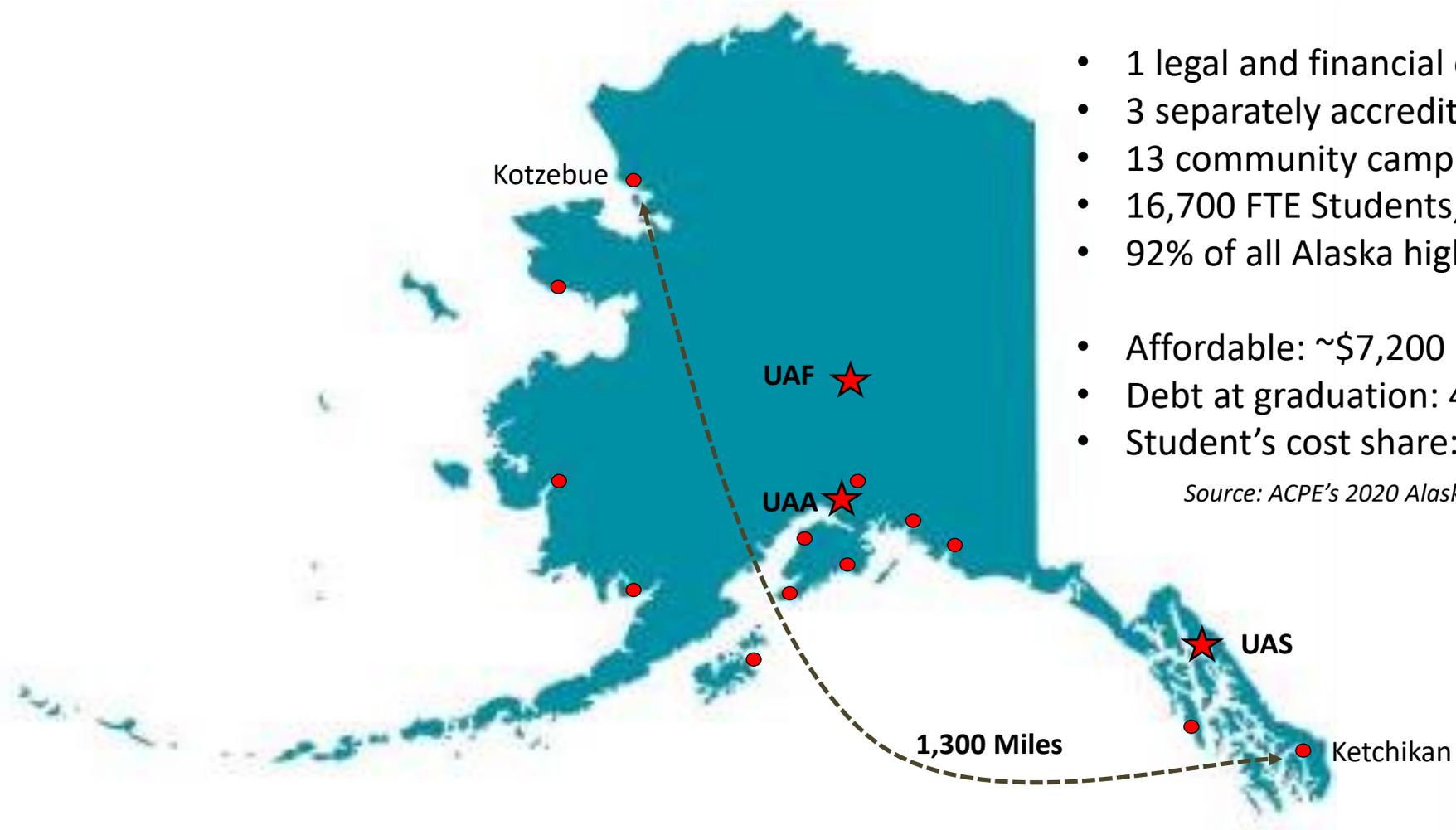
- **Service**

Sharing knowledge to address Alaska's community needs



Serving All Alaskans

Three Universities - One System



- 1 legal and financial entity
- 3 separately accredited universities
- 13 community campuses
- 16,700 FTE Students, ~24,900 total
- 92% of all Alaska higher education

- Affordable: ~\$7,200 (*3rd most in US*)
- Debt at graduation: 46% (*2nd lowest*)
- Student's cost share: 28% (*5th lowest*)

Source: ACPE's 2020 Alaska Education Almanac

Strategic Goals

- Contribute to Alaska's Economic Development
 - Increase STEM graduates & invention disclosures
- Provide Alaska with a Skilled Workforce
 - Increase UA's share of teacher hires & double health professionals
- Grow our World Class Research
 - Stay #1 in Arctic Research & increase research expenditures
- Increase Degree Attainment
 - Increase enrollment & completions
- Operate More Cost Effectively
 - Decrease cost per completion & increase completion rate

Structure

- One legal, constitutional, and financial entity; three separately accredited universities with a governing Board and system office
 - *Current structure is the result of consolidation of 11 separately accredited community colleges in 1987*
 - *That 2-year effort met strong resistance, spawned legislation, litigation, arbitration and a voter initiative...and it increased integration and reduced cost*
- System office supports Regents, provides cost effective system wide services, and focuses universities on Alaska's statewide priorities
- Non-duplicated system functions include IT, audit, labor relations, financial/tax reporting, government relations, debt, treasury, payroll, risk management, general counsel, procurement, and health/benefits administration
- University Foundation, Land Management Office, and Alaska Education Trust are largely self-funded



Strategic Pathways

| | | | | |
|--|-----------------|---|--|---|
| 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 | <ul style="list-style-type: none"> • Alaska Native Studies • Teacher Education • Management • Mine training • Wide choice of non-major courses • Dual credit with K-12 • Developmental Education | |

*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.



Did You Know?

- UA operates more campuses per capita than any other state university
 - *1,282 miles between our Ketchikan and Kotzebue campuses*
- Alaska's large size and low population density mean higher costs
- Only system in the country that combines land-grant institution, regional universities and community colleges
 - *Hawaii is one system, but with separately accredited community campuses*
- Unlike other states, UA's community campuses don't all receive local government funding
 - *Valdez, Kodiak and the Kenai Peninsula Borough contribute – but not through property or other taxes as is typical nationally*
- Our three accredited universities - UAF, UAA and UAS - are not easily compared to each other due to their fundamentally different missions
- On average, every \$1 the state invests in research generates \$6 in non-state revenue



Did You Know?

- UA is an open-access, open-enrollment post-secondary institution
- General Education Requirements (GER) are fully transferable across the system – students can take them from any campus
- Community campuses are local “nodes” for statewide program delivery
- Students may be enrolled in courses or programs from multiple campuses
- In Fall 2018, cross-enrollment by university ranged from 22% to 44%
- 10% of our students are dual enrolled



Did You Know?

- UA hard to compare to other land-grant institutions
- Only received 25% of our federal land entitlement
- Still owed ~360,000 acres of land

| # | State | State Area <i>SqMi</i> | State Grant <i>Acres</i> | Univ Grant <i>Acres</i> | % Grant |
|-----------|---------------|-------------------------------|-----------------------------|----------------------------|-------------|
| 1 | New Mexico | 121,590 | 12,794,718 | 1,346,546 | 10.52% |
| 45 | Nevada | 110,572 | 2,725,226 | 136,080 | 4.99% |
| 46 | Wyoming | 97,813 | 4,342,520 | 136,080 | 3.13% |
| 47 | Rhode Island | 1,545 | 120,000 | 120,000 | 100.0% |
| 48 | Alaska | 665,384 | 104,569,251 | 112,064 | 0.1% |
| 49 | Delaware | 2,489 | 90,000 | 90,000 | 100.0% |
| 50 | Hawaii | Received cash in lieu of land | | | |

- Lack of land impacts revenue potential and endowment growth



Organizational & Budget Update



Significant Activity

- FY20 Legislature includes budget intent language for Board to consider single accreditation
- Aug 13 Board of Regents signs 3-year Compact Agreement with Governor
- Aug 20 Board terminates Exigency Declaration
- Sep 26 NWCCU expresses concern over governance and accreditation
- Oct 7 Board ceases consideration of single accreditation and statewide expedited academic program reviews
- Oct 18 Universities begin campus level expedited academic program reviews
- Oct 30 Board responds to NWCCU concerns
- Nov 1 NWCCU confirms UA on “right path” on governance and accreditation
- Nov 22 Board responds to FY20 legislative intent regarding single accreditation
- Dec 3 Board transmits report to Governor and Legislature per Compact Agreement
- Dec 9 Board initiates policy audit clarifying roles & responsibilities
- Jan 17 Board approves 2020 work plan, 5% tuition increase for 2020, including \$1.5M of increased financial aid
- Feb 20 Board review of strategic goals and status of policy review



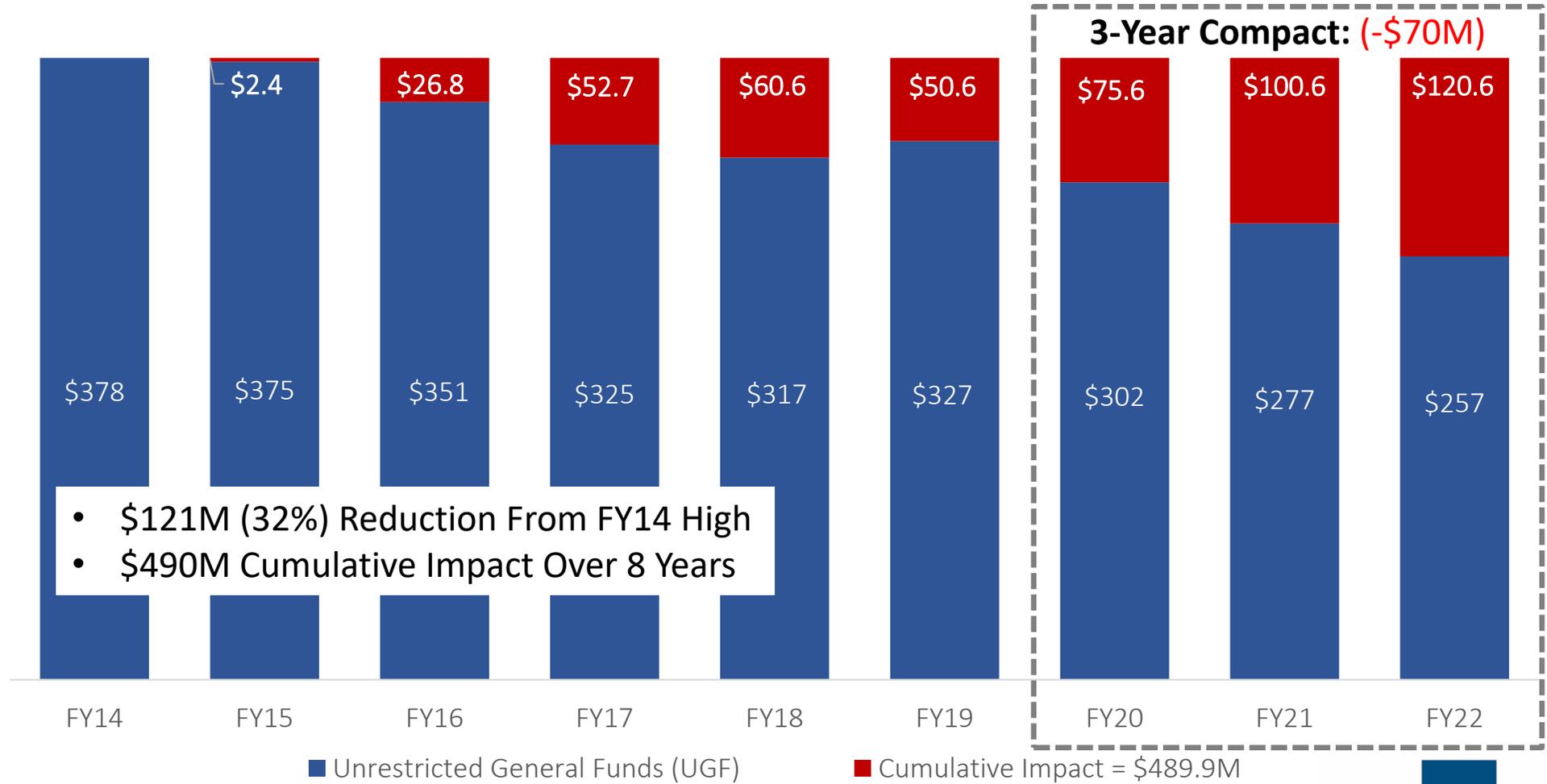
3-Year Budget Compact

- Agreement between Board and Governor Dunleavy – August 13
- \$70M (22%) reduction over 3-Yrs versus single-year cut of \$134M (41%)
 - FY20 \$302M (Down \$25M or 7.6% from FY19)
 - FY21 \$277M (Down \$25M or 8.3% from FY20)
 - FY22 \$257M (Down \$20M or 7.2% from FY21)
- Best negotiated option for the University of Alaska
- Reduces cumulative 2020-2022 cut from \$405M to \$145M
- Requires a tremendous internal effort to meet reduced funding levels
- Secured Governor's support for single appropriation and other important priorities: *AEG and APS scholarships, WWAMI medical school funding, dual-enrollment and land grant initiative*
- UA agreed to cost savings and revenue enhancement initiatives



Funding History and Projection

(UGF Millions)



Accreditation

- UA universities receive their institutional accreditation from the Northwest Commission on Colleges and Universities (NWCCU)
- Board took a number of steps in consideration of legislative intent to move to a single institutional accreditation
- Board directed UA president to develop plan for evaluating options
- Convened group of state leaders for advice
- Held workshops across the system and provided opportunities for input from faculty, staff, students and the public
- Conducted extensive public opinion survey ~ 3,900 participants
 - *Even split between those favoring “uniqueness” and those favoring “integration”*
- Established working group to engage NWCCU and U.S. Dept. of Education on issues and timelines
- On Oct 7, after full consideration, Board ceased consideration of a single accreditation until UAF secures its NWCCU accreditation renewal in 2021
- All three universities (including community campuses) are fully accredited



Academic Program Reviews

- Board directed UA president to have universities conduct academic program reviews
- University reviews are underway
- In March 2020, chancellors will provide recommendations to the president regarding reduction, consolidation or discontinuation of any programs
- Board must approve any program changes and is expected to consider recommendations in June 2020
- Teach out obligations and faculty notice periods may mean financial savings are not achieved until FY22



Key Data



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Budget Impacts

- Student support and administrative services have borne large share of \$76M reduction over last 6 years
 - HR and procurement restructuring and integration
 - Head count reductions due to attrition and terminations
 - KUAC Radio/TV Base Funding Reduction
 - Fairbanks Administrative Services Building Sale
 - Chugach Eagle River Building Lease Non-Renewal
 - Kenai Peninsula College Residential Housing Paused
- \$45M additional reduction over FY21-22 will necessitate significant impacts to academic programs
- Universities aggressively working to achieve FY20 cuts while conducting academic and administrative program reviews



Pushing Continuous Improvement

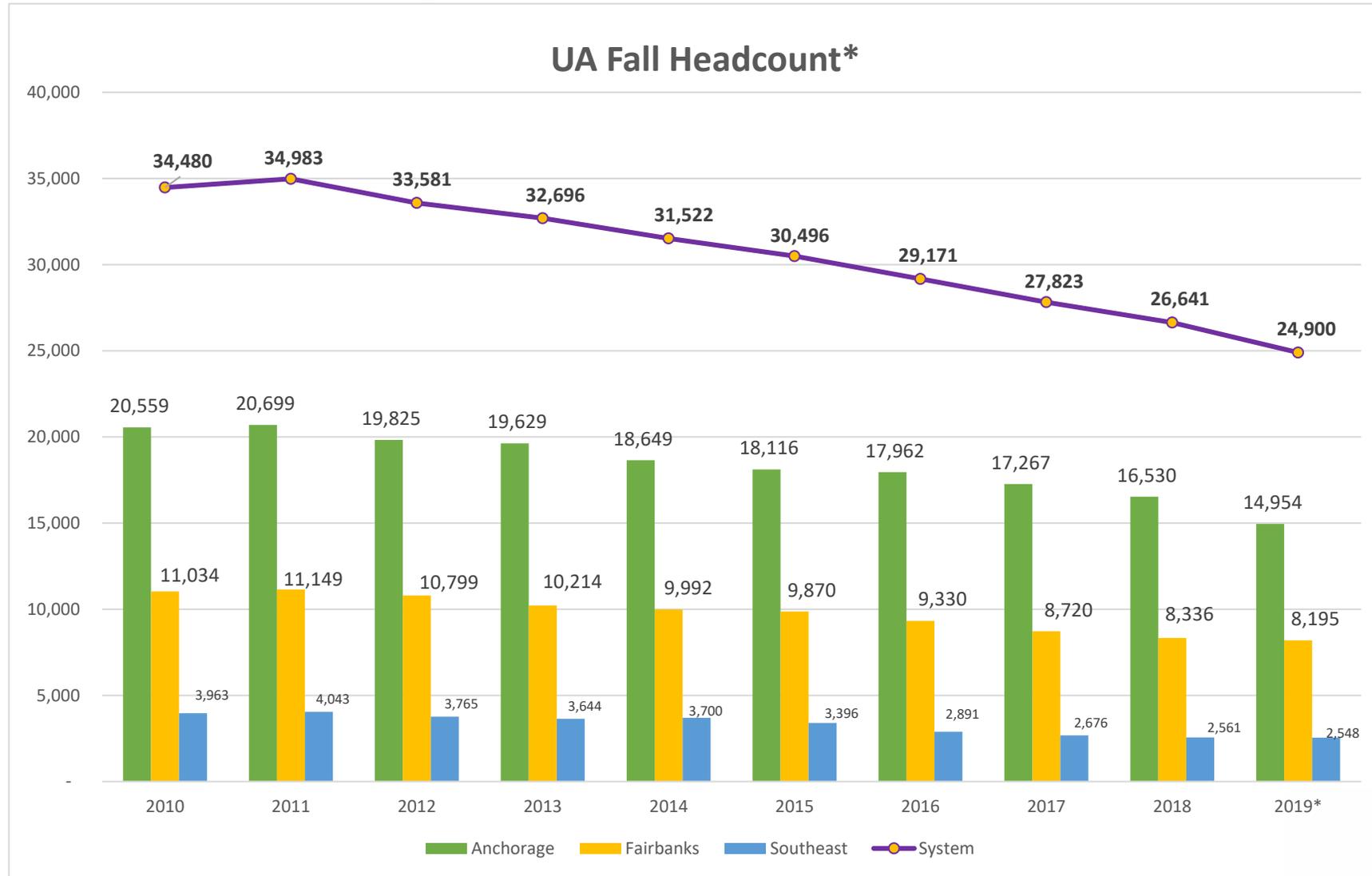
- Diversifying Revenue Sources
- Eliminating Low Demand and Duplicative Programs
- Realigning and Simplifying Business Processes
- Consolidating and Standardizing Administration
- Reforming Program and Service Delivery
- Maximizing Return on Assets
- Reassessing Tuition and Fees
- Reducing Facilities Footprint



Key Data



Key Data: Enrollment



* As of Jan 10, 2020



Key Data: Tuition

Annualized Full-Time Student Tuition Rates

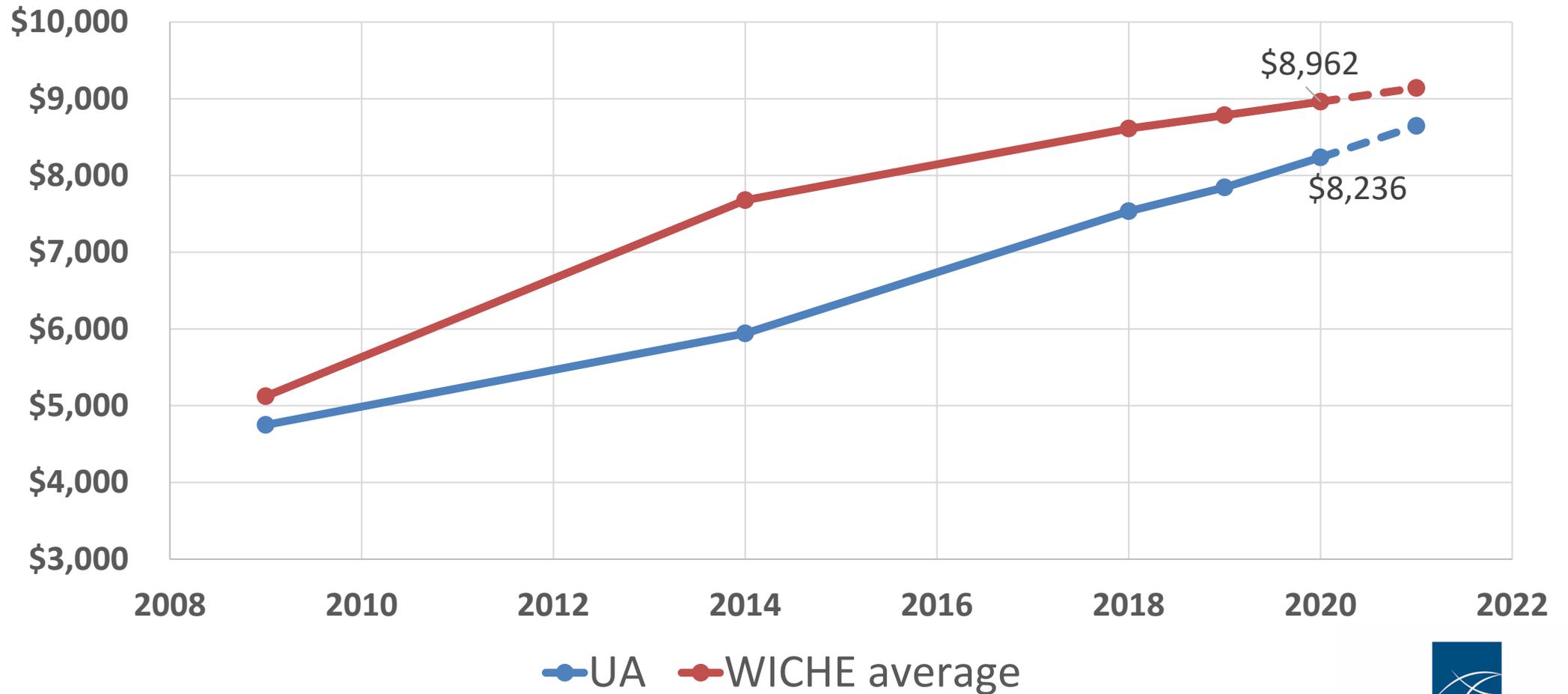
| | AY17 | AY18 | AY19 | AY20 | AY21 | % Change AY17-21 |
|---------------------|--------|--------|--------|--------|--------|---------------------|
| Resident | | | | | | |
| Undergraduate | 6,360 | 6,690 | 7,020 | 7,380 | 7,740 | 21.7% |
| Graduate | 10,656 | 11,184 | 11,736 | 12,312 | 12,312 | 15.5% |
| Non-Resident | | | | | | |
| Undergraduate | 21,030 | 22,080 | 23,190 | 24,360 | 24,720 | 17.5% |
| Graduate | 21,768 | 23,496 | 24,672 | 25,896 | 25,896 | 19.0% |

AY21 Rate Reflects 5% increase approved by BOR Jan 17, 2020

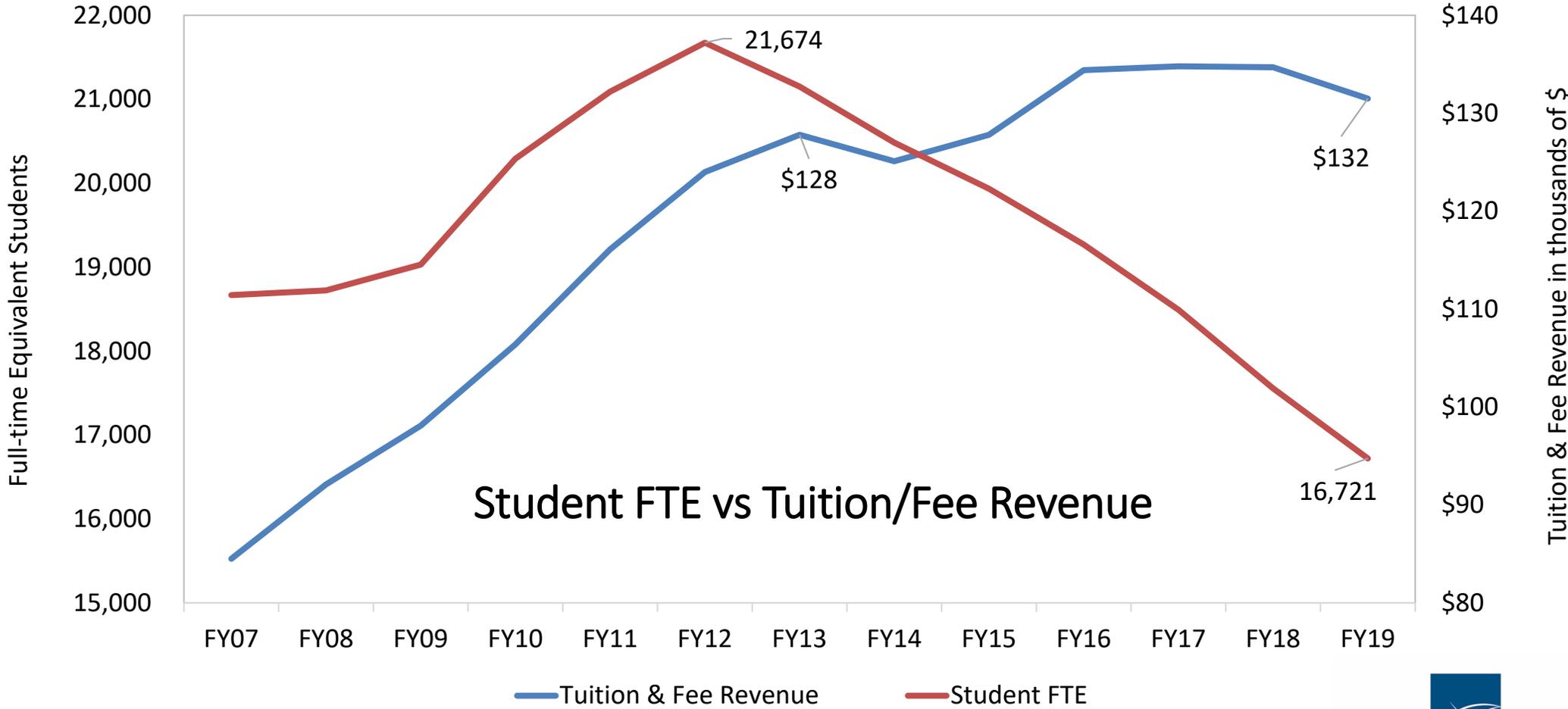


Key Data: Tuition

Undergraduate Tuition and Fees



Key Data: Tuition



Key Data: Workforce

- UA has 1,727 fewer employees than five years ago
- Since FY14 total workforce has been reduced 21%
- MAPTS and K-12 Outreach moved from statewide to campus
- Regular employees (leadership, faculty and staff) are down 18% and temporary employees (adjunct, student and temp staff) down 24%
- Reductions have been achieved through a combination of attrition, retirement, ending term contracts, and eliminating or leaving positions vacant



Key Data: Turnover

University of Alaska Average Annual Turnover Rate FY 2015-2020 (YTD) by Employee Type

| | |
|--------------------|-------|
| Administration | 15.0% |
| Staff | 15.6% |
| Faculty | 11% |
| All Employee Types | 14.1% |

- Overall Average Turnover Rate at UA from FY15 to FY20 was 14.1%
- According to the Bureau of Labor Statistics (2019) annual turnover rate across all industries in the US ranges between 15% and 19%
- FY20 to date, we have exceeded FY19 in turnover of administrators and are nearing the FY19 totals for staff and faculty

Key Data: Voluntary Turnover

University of Alaska Average Annual Voluntary Turnover Rate FY 2015-2019 by Reason

| | |
|---------------------------------|-------------|
| Retirement | 3.3% |
| Pursuing Other Employment | 2.3% |
| Other (Medical Necessity, etc.) | 5.5% |
| Total | 11.1% |

University of Alaska Average Annual Voluntary Turnover Rate FY 2015-2019 by Employee Type

| | |
|----------------|-------------|
| Administration | 13.5% |
| Staff | 12.7% |
| Faculty | 7.8% |

- Voluntary turnover includes retirements, departures for other opportunities, and other categories such as medical necessity
- The overall average voluntary turnover rate for all employees in the University of Alaska System from FY 2015 to FY 2019 was 11.1%
- Comparable Peer Institutions: 7% Weber State Univ and 9% West Florida Univ



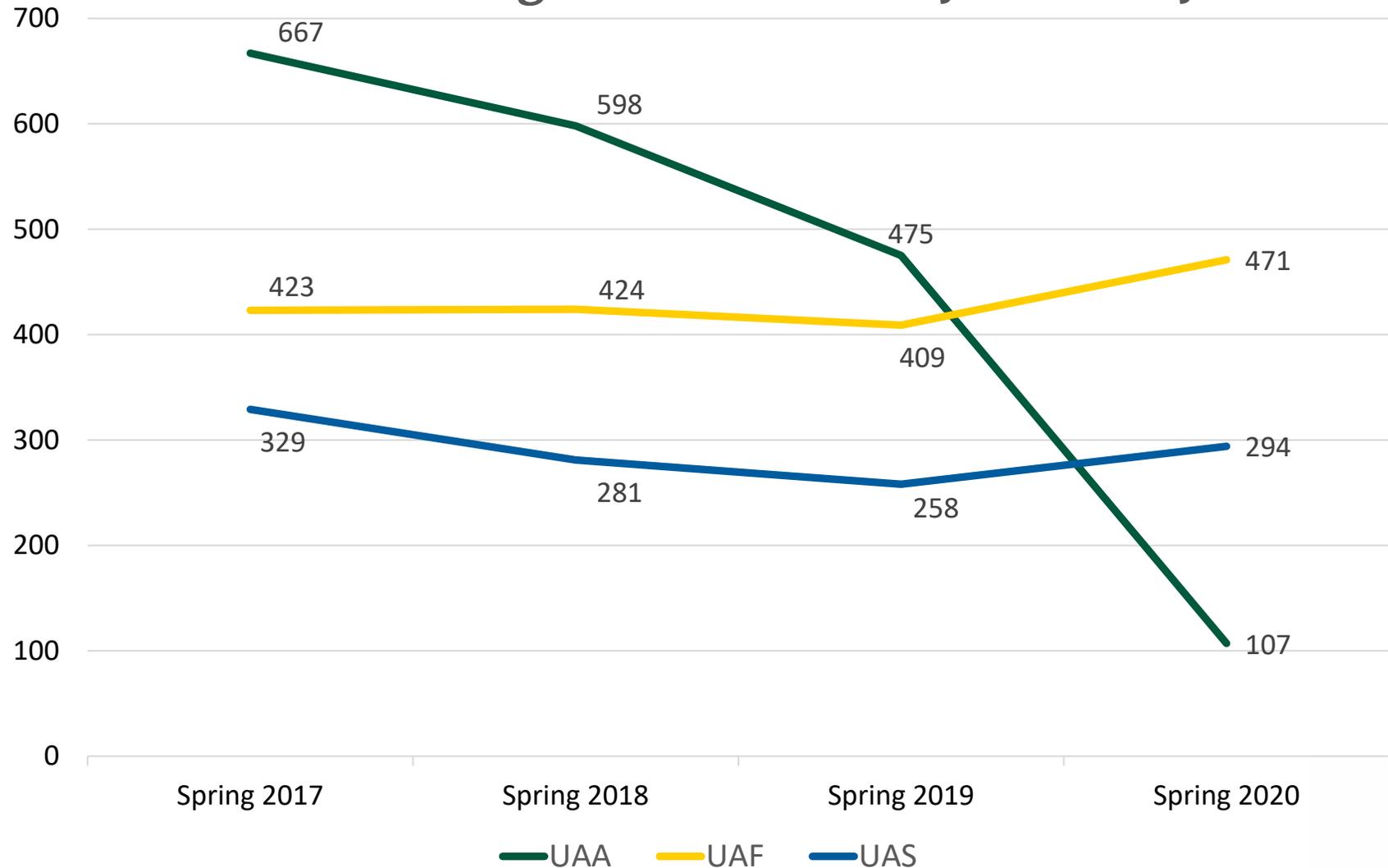
Key Data: Teacher Education

Program Completions

| | FY 2017 | FY 2018 | FY 2019 |
|--------------|------------|------------|------------|
| UAA | 183 | 198 | 134 |
| UAF | 119 | 105 | 100 |
| UAS | 149 | 157 | 147 |
| Total | 451 | 460 | 381 |

Alaska College of Education

Education Program Enrollment by University



Enrollment as of January 17, 2020 based on early semester reports. Not official “freeze” data. Numbers are updated daily.



K-12 Bridge Programs

- Dual Enrollment
- Middle College
- Alaska Native Science & Engineering Program (ANSEP)
- Educators Rising Alaska
- JumpStart Program
- Rural Alaska Honors Institute (RAHI)
- Alaska Area Health Education Centers

Middle College

Dual credit...higher college going rate...faster college completion...reduced cost...no need for developmental education

- **Alaska Middle College School (AMCS)** between UAA and Anchorage School District
- **Mat-Su Middle College School (MSMCS)** between UAA Mat-Su College and the Mat-Su Borough School District
- **eCampus Advantage** UAF “virtual” middle college with ~30 school district partnerships
- **New: North Star College** – UAF and Fairbanks North Star Borough School District

2020 Legislative Priorities

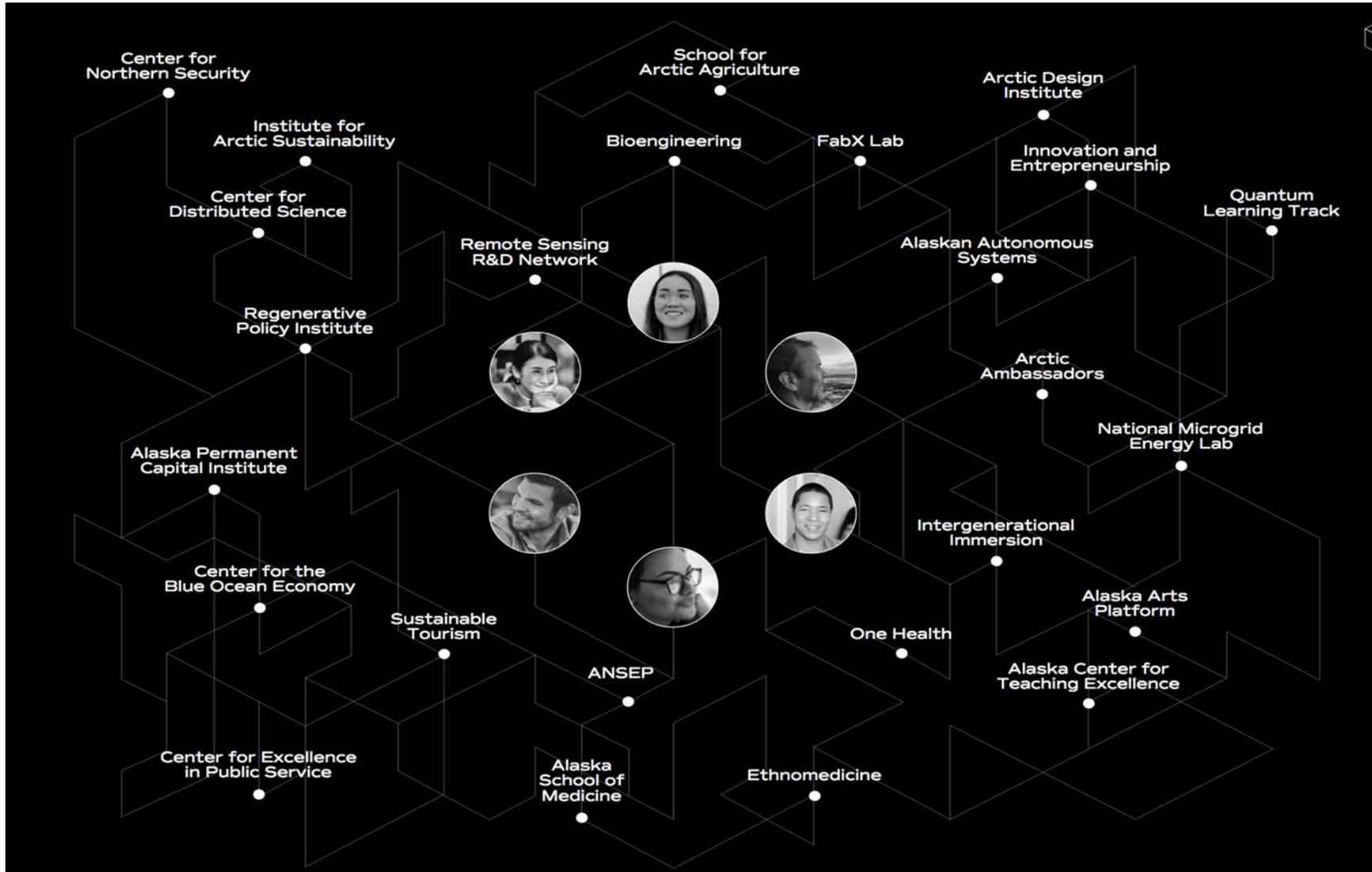
- **Operating Budget**
 - Year 2 compact funding - \$277M
 - Single appropriation structure
- **Capital Budget - \$52.5M**
 - \$50M Deferred Maintenance (backlog exceeds \$1.2B)
 - \$2.5M Alaska Earthquake Center (USArray)
- **Debt Service Relief**
 - Significant fixed operating cost - \$28M annually
 - Principal outstanding - \$297M

2020 Legislative Priorities

- **Technical Vocational Education Program (TVEP)**
 - Program expires this year (June 2020)
 - Funded through payroll deductions ~\$12.4M in FY20
 - Funds high-demand career and technical training
 - UA receives 45% of program dollars ~\$5.6M in FY20
- **Dual Enrollment**
 - Expansion of High School/College enrollment
- **Alaska Higher Education Investment Fund**
 - Alaska Performance Scholarship Program: ~ \$12M
 - Alaska Education Grant: ~ \$6M
 - WWAMI Medical School Program - \$3M



UA: Your Way



Conclusion



Conclusion

The University of Alaska appreciates your support as we move forward, committed to serving our mission, to lower operating expenses, and to invest in the programs and initiatives that provide opportunities for our students and contribute to Alaska's future by:

- Developing and diversifying our economy
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Thank You

Dr. James R. Johnsen
President
University of Alaska