



University of Alaska

Coronavirus *Impacts & Response*

Joint House & Senate Education Committees

April 22, 2020

Outline

- Commitment to Mitigation
- Commitment to Communities
- Commitment to Education
- Financial Impacts: Expenses
- Financial Impacts: Revenues
- Federal Assistance: CARES Act
- Funding History & Projection
- Additional Federal Assistance Request
- Looking Ahead

Commitment to Mitigation

- #1 Priority - Health & Safety of Students & Employees
- Closed Campuses – No Return Since Spring Break
- Transitioned to Remote Program Delivery on March 23
- Faculty & Staff Working from Home
- Cancelled Events/Activities through June 30
- Facility Access Restricted to Critical/Essential Use
- Critical Scientific Research Granted Limited Exemptions
- Enforcing Strict Monitoring, Cleaning, and Social Distancing Protocols



Commitment to Communities

- Deploying all available capacity, knowledge and resources
- Scientific expertise, medical supplies and PPE
- Microbiologists/Epidemiologists expediting and expanding testing
- Developing hand sanitizer and portable UV-sanitization to increase respirator re-use
- College of Health: early graduation of nurses
- Campus Dorms/Dining prepared to serve first responders
- Alaska Airlines Center: 50-bed alternative care site
- CED convening weekly economic development meetings
- Integrated into Gov's incident and economic response teams
- Economists modeling post-COVID economy



Commitment to Education

- Converting thousands of classes to alternative modes
- Supporting K-12 teachers with professional development for on-line curriculum development and delivery
- Continuing virtual middle college for college-ready high school students
- Research on transition from in-person to alternative modes of education
- Now, more than ever, we must grow our own teachers



Financial Impacts: Expenses

Unexpected Expenses ~ \$3M

- Emergency student aid – travel, housing, and basic living expenses
- On-campus housing and meals for students w/o other means: low-income, foster, homeless, international
- Expanded federal benefits: family emergency & sick leave
- Devices, technology and distance delivery investments
- Security, cleaning, mitigation, and remediation



Financial Impacts: Revenue

Foregone Revenues ~ \$35-\$40M

- Student refunds: housing, meals, other fees
- Foregone tuition & fees: summer (and fall?)
- Auxiliary income: rentals, catering, bookstores, parking
- Cancelled conferences and on-campus events
- Research revenue – direct and indirect cost recovery
- Interest income decline
- Softened philanthropic giving

Total Financial Impact: \$35-45 M

Federal Assistance: CARES Act

Two sources of *Education Stabilization Funds*:

Higher Education Emergency Relief \$7.9 M

- 1st 50% (\$3.94 M) – Released April 9
 - Only for emergency student aid
 - Not for reimbursement of institutional costs
- 2nd 50% (\$3.94 M) – Released April 21
 - Institutional costs associated with disruption and delivery

Governor's Emergency Education Relief \$6.5 M

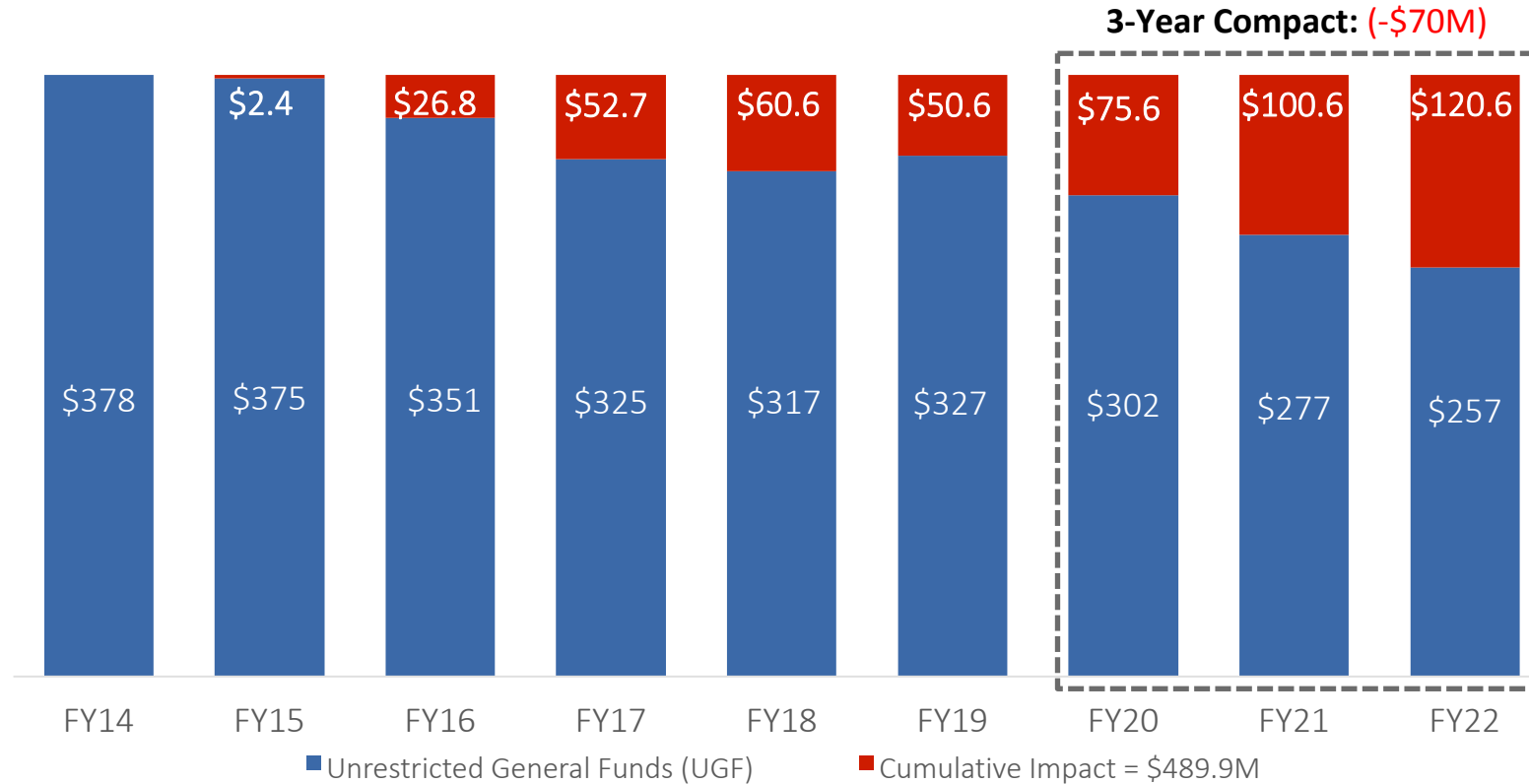
- Governor's discretion; virus related education needs
- UA is eligible; seeking maximum consideration

Funding History & Projection

(UGF Millions)

Stretching already thin financial resources

- \$100M (22%) UGF Reduction Since FY14
- \$20M Additional Cut in 2022
- \$40M Additional COVID impacts



\$490M Cumulative Impact Over 8 Years



Additional Federal Assistance Request

UA priorities for next phase of federal stimulus

Access to Zero or Low-Interest Federal Credit

- Refinance UA's existing principal outstanding - \$300M
 - Required annual debt service - \$28M
 - Interest expense through maturity - \$150M
- Reduce annual fixed costs, realize long-term interest savings
- Redirect funds to core educational mission

Eligibility for Schools & Libraries e-Rate Program

- Facilitate greater bandwidth at reduced cost
- Shift to distance delivery highlights rural broadband disparities
- Alleviate technology induced educational inequality
- Potential savings of \$0.5M-\$2.5M annually



Looking Ahead

- Education is critical to Alaska's economic recovery, now more than ever
- UA is an essential partner with state, communities, and businesses
- Difficult period of recovery ahead
 - Fall registration for August classes began this week
 - Decisions regarding delivery method delayed for now
 - Uncertainty likely to further depress enrollment
- Additional cost cutting measures likely
 - FY21 furloughs
 - Suspending compensation adjustments
- Administrative and Academic program reviews (\$45M in cuts)
 - Considerable internal exercise
 - ~50 programs identified for elimination
 - Board decision in June



Thank You

Dr. James R. Johnsen
President
University of Alaska