



University of Alaska

Serving Alaska

Senate Finance Committee

February 11, 2021



UNIVERSITY
of ALASKA
Many Traditions One Alaska

University of Alaska

Alaska's System of Higher Education

Three universities:

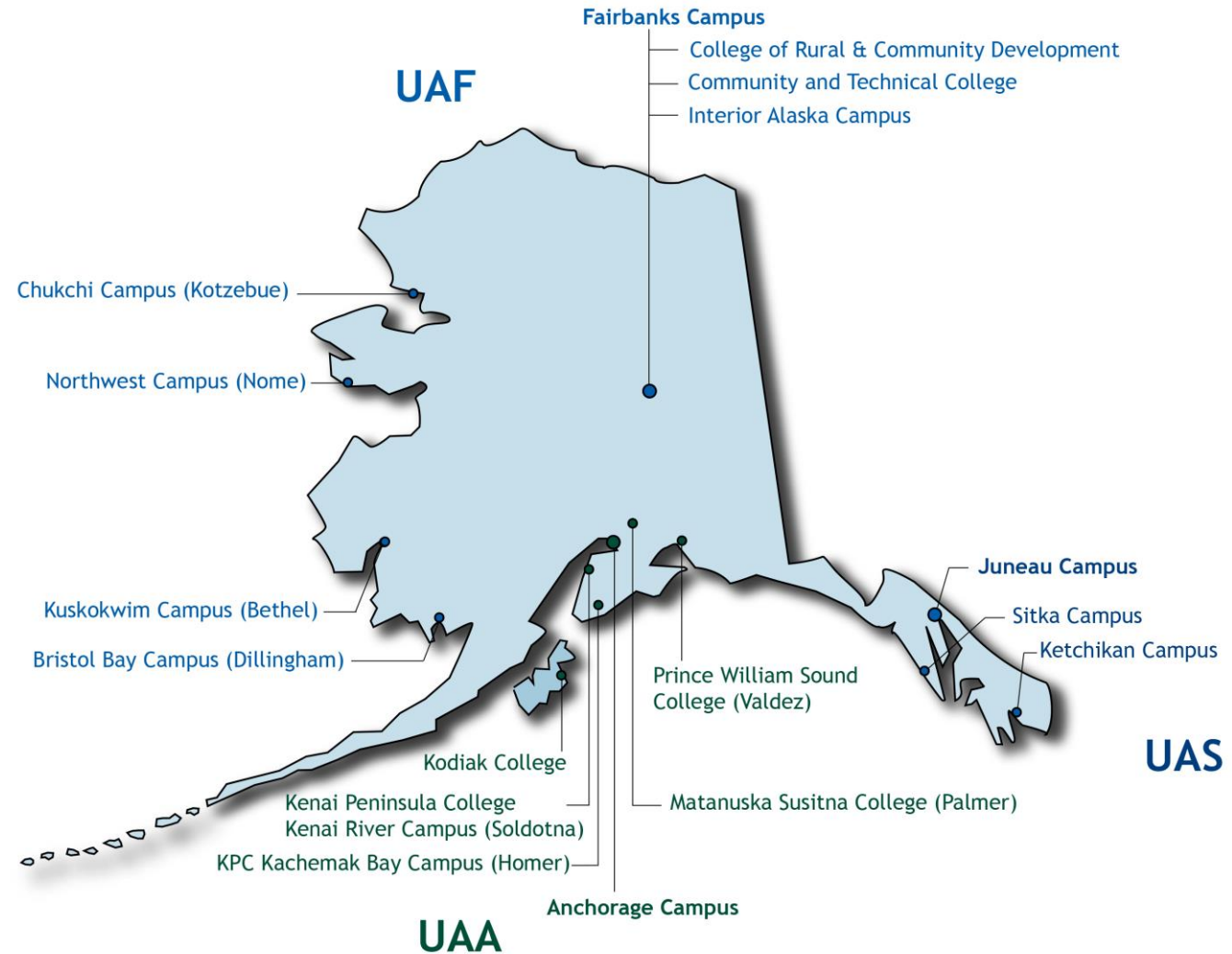
-different missions

research,
urban comprehensive,
regional

-different experience

-all valued

serving their communities
offering a breadth of
programs from workforce
credentialing to doctoral
degrees



To meet the needs of Alaska...

- *STABILITY*
- *CONFIDENCE*
- *TRUST*

- Meet Alaska's workforce needs and increase degree attainment
- Essential to Alaska's economic recovery, diversity and growth
- World-class nationally competitive research
- Operate more cost effectively



Reduced budget – reduced footprint

- At the end of the Compact in FY22, UA will be down \$120 million UGF from FY14
- Smaller footprint with a foundation of high-quality core programs and research
- Facility and lease reductions
- Faculty and staff reductions since 2014
 - 2,500 fewer employees
 - Reduced administrative personnel costs by more than 20 percent



Legislative Priorities

- Financial Stability

- To grow enrollment and diversify revenue through additional tuition revenue, we need budget certainty
- A single appropriation is necessary to provide the Board the most flexibility with budget decisions



Legislative Priorities

- Capital Requests
 - Deferred Maintenance
 - General Obligation Bond
 - Debt Relief
 - COVID Impact Mitigation



Debt Service Relief- \$15.1 million Request

- Annual Debt Service = \$24 million (UGF component is \$19.3 million)
 - \$10.5 million (43%) UAF Combined Heat & Power Plant
- Principal Outstanding = \$288.5 million
- Debt service is 5% of UA's unrestricted revenues, and has increased as revenue (UGF & Tuition) decline
- Fixed costs reduce management's capacity to make strategic reductions as revenues decline
- Examples of debt-financed projects: UAF Power Plant, UAF Engineering Building, Deferred Maintenance
- UA's debt capacity is limited
- Debt relief, in the form of principal payoff or debt service reimbursement, is a prudent financial move
- Debt relief would strengthen UA's financial position, and increase its capacity to respond to current and future revenue pressures



Deferred Maintenance - \$50 million Request

- Facilities across the University of Alaska are extensive and a unique subset of public facilities.
 - 397 facilities totaling over 8 million square feet, valued at over \$4 billion
 - Average age of UA's buildings is 35-years old
 - Deferred maintenance backlog over \$1.3 billion
- UA's physical footprint serves academic, research, and community service focused mission priorities.
 - Facility type varies from residential housing, general offices and classrooms to complex laboratories
- Through active stewardship, UA leverages shrinking maintenance operations budgets to lengthen the service life of buildings beyond the typical age for major renewal.
- Emergency repairs are becoming more common place as major components and systems surpass their normal life-span. Resources are going toward reactive maintenance.



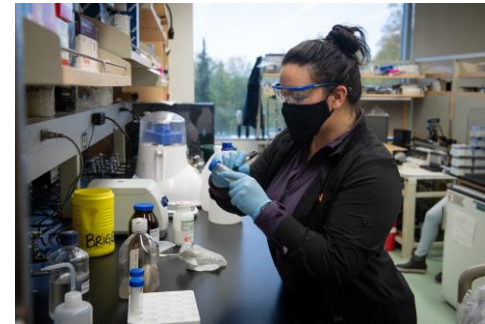
Deferred Maintenance

- Board of Regents Request: \$50 million
- Senate Bill 74 includes \$29.9 million for:
 - UAF Bartlett and Moore Hall Modernization and Renewal - \$18.65 million
 - UAA Building Energy Performance Upgrades - \$10.9 million
 - UAA Integrated Sciences Building Energy Savings Project - \$428,000



Serving Alaska during COVID-19

- Training and employing 400+ contact tracers
- UA experts in epidemiology, economic impacts and modeling, small business, and mental health assist state response
- Manufacturing PPE (e.g. hand sanitizer, 3D printed face shields, ventilator parts, viral transport media)
- Small Business Development Center and Business Enterprise Institute support small businesses – PPP loans and community small business relief
- Graduated and licensed 75 senior nursing students early in order to meet the increased demand
- NSF has funded four RAPID awards to UA researchers



COVID-19 Support and Impacts (March 2020 – present)

Support	Amount
CARES Act - Institutional Support	\$ 3,942,388
HEERF-I: Title III/Minority Serving/Strengthening Inst.	2,626,299
HEERF-II: Title III/Minority Serving/Strengthening Inst.*	4,349,765
HEERF-II - Institutional Support	13,466,748
CARES Act - via DHSS Coronavirus Relief Fund	2,921,479
CARES Act - via Fairbanks North Star Borough	2,000,000
Governor's Emergency Education Fund - UA	1,500,000
Governor's Emergency Education Fund - ANSEP	200,000
Cities of Soldotna and Homer	224,633
Bethel Community Services Foundation	76,000
Alaska Community Foundation - to Museum	92,524
City of Fairbanks	23,977
Institutional Support - Total	\$31,423,813
CARES Act - Student Support	\$ 3,942,388
CRRSA Act - Student Support	3,942,388
Student Support - Total	\$7,884,776

* estimate

Impacts	Amount
Expenditures	\$ 3,743,520
COVID administrative & emergency leave	2,762,426
Cancellations and refunds	4,818,807
Lost Revenue - Auxiliaries and Other activities	22,555,559
Lost Revenue - interest income	1,549,400
Lost Revenue - FY21 tuition and fees	11,683,500
Institutional Impacts - Total	\$47,113,212

COVID Funding Requests: \$15.7M

1. UA is working with OMB and Legislature on a COVID supplemental appropriation.
2. UA submitted a request to Governor's office on January 29, 2021 from the Governor's Emergency Education Fund
3. UA has applied for funding from Federal Emergency Management Agency (FEMA). In process.



Legislative Priorities

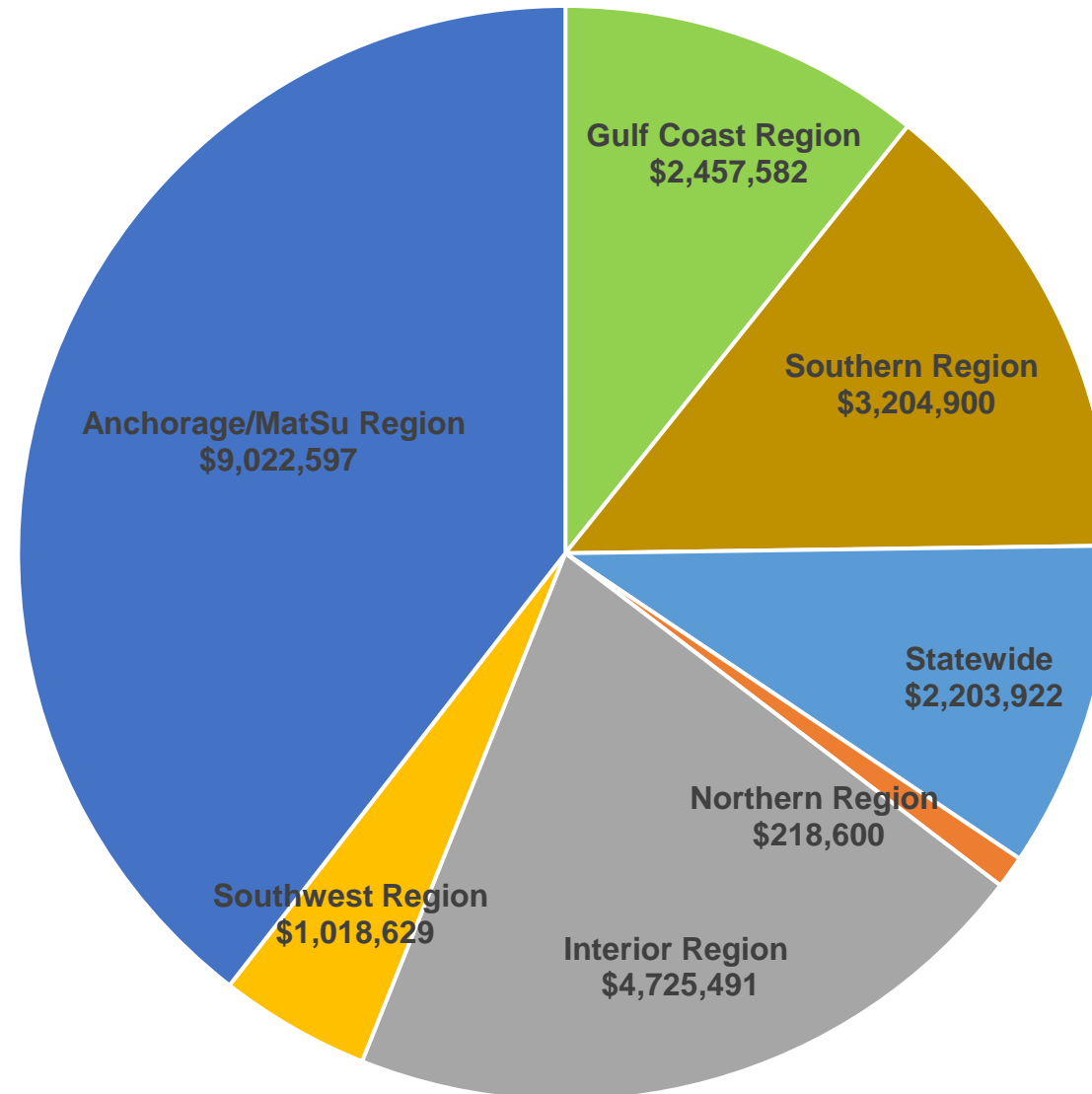
Technical Vocational Education Program Reauthorization

- Program is funded annually from a portion of unemployment insurance contributions
- UA receives 45 percent of program dollars, \$5.8M in FY21 (46% of participants)
- Funds high-demand career and technical training marine, mining, oil & gas, health care, construction, and IT
- Seeking a five-year reauthorization of the current program



UA TVEP Supports Alaska Economic Regions

FY2015 - FY2019



Legislative Priorities

Higher Education Investment Fund

- Preserve full funding of these important programs:
 - Alaska Performance Scholarship program ~ \$12M
 - Alaska Education Grant ~ \$6M
 - WWAMI Medical School program ~ \$3M



University of Alaska – Total Budget

	FY14	FY21	FY22
UGF	377,609.2	277,033.5	257,033.5
Non-UGF	544,053.5	555,240.4	523,097.0
Total Budget	\$921,662.7	\$832,273.9	\$780,130.5

*Figures shown in thousands



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State appropriations (UGF) are the base on which all programs operate - programs generate all other revenue Funding Sources

Funding Source (in millions of \$)	FY14	FY19	FY20	FY21	FY22	FY23 and forward
UGF	\$377.6	\$327.0	\$302.0	\$277.0	\$257.0	<p>UA keeps a high quality core foundation maintained on the reduced state support. UA is trusted and central to industry, communities, and the state for economic recovery and diversification. The legislature and governor assure stable state funding from which UA will grow enrollment, research, service, partnerships and philanthropy.</p>
Earned Revenue						
DGF	276.5	289.5	274.4	261.8	258.0	
Federal	125.5	122.7	130.9	132.2	132.2	
Other	13.9	11.3	10.3	10.3	10.3	
Subtotal Earned Revenue	415.9	423.5	415.6	\$404.3*	\$400.5 +	<p><i>Federal \$132M, Other ~\$9M, DGF \$65M are restricted grants, scholarships, or contracts.</i></p> <p><i>~\$200M of the \$400.5M is restricted to a specific purpose by the entity providing the revenue</i></p>
Total Revenue	\$793.5	\$750.5	\$717.6	\$681.3	\$657.5 +	
	earned revenue as a percent of total revenue is growing					
Intra-UA Transactions	59.8	67.5	89.1			
State Reported Actuals	\$853.3	\$818.0	\$806.7			

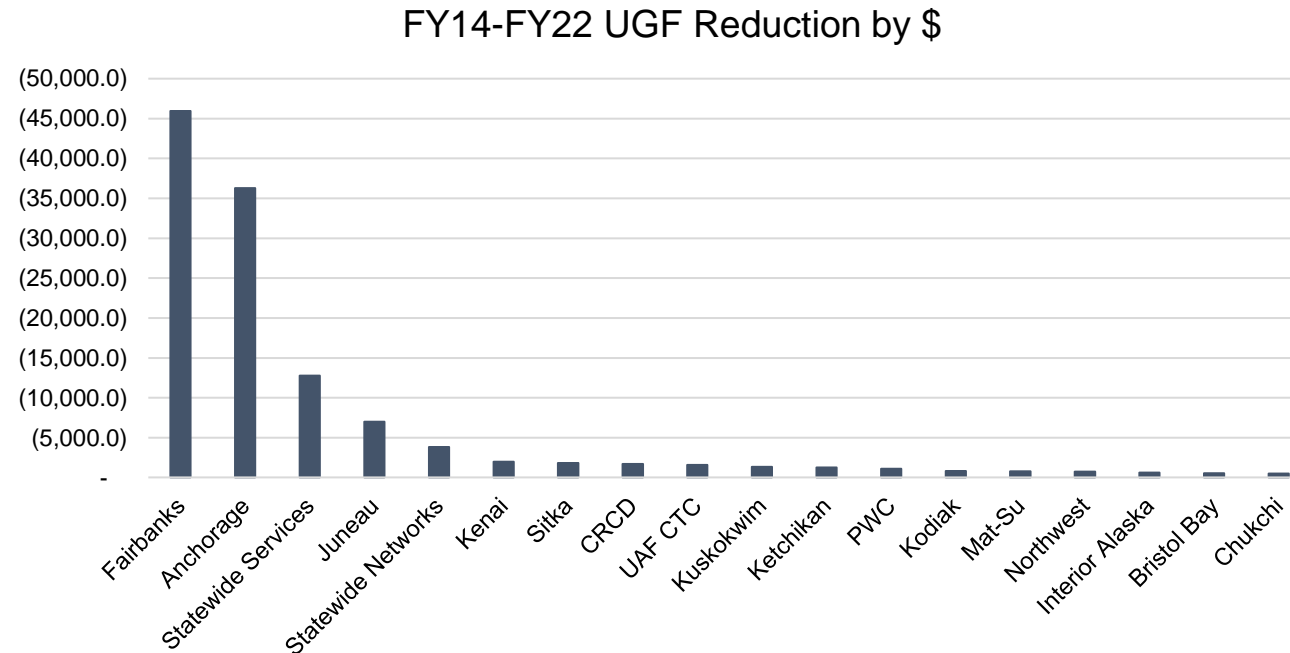
* Includes estimated COVID impact on auxiliary gross receipts.



Unrestricted General Funds Reductions

Budget in thousands of \$	FY14	FY21*	FY22	Change FY14-FY22		Change FY21-FY22	
				\$	%	\$	%
UA Anchorage	135,806.5	100,080.5	94,872.7	-40,933.8	-30.1%	-5,207.8	-5.2%
UA Fairbanks	182,282.9	136,432.4	129,273.4	-53,009.5	-29.1%	-7,159.0	-5.2%
UA Southeast	30,088.7	21,220.2	20,020.6	-10,068.1	-33.5%	-1,199.6	-5.7%
UA System Office	29,448.7	19,300.4	12,866.8	-16,581.9	-56.3%	-6,433.6	-33.3%
UA	377,626.8	277,033.5	257,033.5	-120,593.3	-31.9%	-20,000.0	-7.2%

* Includes intra-agency agreements between universities and community campuses and the System Office and UA Southeast. This estimates the multiple appropriation structure effect on budgets across the UA system.



Students and Employees

	Fall 2014	Fall 2020	Change	% Change
Employees – Full Time/Regular	4,510	3,633	(877)	(19.4%)
Employees – Part Time/Temporary	3,920	2,440	(1,480)	(37.7%)
Students	31,522	22,044	(9,478)	(30%)
Graduates	4,908 (FY14)	4,278 (FY20)	(630)	(12.8%)



Enrollment Highlights

- Enrollment fall 2020 semester:
 - Decline less than 10%,
 - We had projected a 15-30 percent decline due to COVID-19 on top of year over year declines since 2011
 - Enrollment increased in UAF College of Fisheries and Ocean Science, UAF School of Management, UAA College of Health, UAS Sitka and Ketchikan campuses
- Improved freshman retention rates compared to 2018-19 levels
- Enrollment spring 2021 semester (preliminary):
 - Applications up ~10 percent
 - Admissions up ~ 5 percent
 - Enrollment increases in UAF School of Management, UAF Rural College, Alaska College of Education, UAS School of Career Education, and UAA College of Health
 - Overall headcount down ~ 9 percent
- Long-term growth in engineering and health care programs to meet state demand
- edX courses – focus UAF research strengths
 - 5,000 learners and scholars from over 120 countries in first four months



Asset Monetization

- Reduced owned space (2019-2020)
 - Sold 10 facilities (~38,000 gross-square feet)
 - Demolished 13 aged facilities (~28,000 gross-square feet)
- Leasing space to third parties
 - 95,000 gsf in University Center 50% of the available space is leased
 - 30,000 gsf in the Alaska Airlines Center to aid in community covid-19 response
- Exploring public-private partnership opportunities
 - UAA COH Innovation Hub
 - UAF to sell excess power and considering other monetization of the plant
 - UAF to consider P3 for expanded childcare in Fairbanks for employees and students
 - UAF to explore combined heat and power plant asset monetization
- Benefits
 - Source of new revenue
 - Reduce maintenance costs
 - Reduce risk of ownership



Administration Review

- Administrative reviews across the university system
 - Analyze roles and responsibilities of each executive/leadership position
- Frame a sustainable, stable, core organization by:
 - Identifying opportunities to leverage existing resources
 - Identifying potential areas of savings
 - Creating administrative cost transparency
 - Streamlining and improving back-office processes
 - Investing in IT necessary to automate and improve efficiencies
- System Office
 - University of Alaska (UA) is a single legal and financial entity created in Alaska's constitution.
 - Governed by a Board of Regents, UA is a single employer, and the provider of public higher education in the state.
 - The has the fiduciary responsibility for UA as a corporate entity, and to fulfill the Board of Regents' policy and direction.
 - The System Office provides central services for efficiency and economies of scale. Programs are operated on a case by case basis.



System Office Positions (FY14 vs. FY22)

	Policy Role		Corporate Function(s)		Shared or Central Services		Program	
	<u>FY14</u>	<u>FY22</u>	<u>FY14</u>	<u>FY22</u>	<u>FY14</u>	<u>FY22</u>	<u>FY14</u>	<u>FY22</u>
President's Office	5	5						
Academic Affairs	4	3	6	5	13	1		
Univ. Relations, Strategy & Budget	4	4	21	17				
General Counsel	3	3	4	4				
Finance	3	3	30	20	13	20		
Human Resources	2	2	6	6	17	42		
Information Technology	2	2	3	3	79	48		
University of Alaska Foundation					22			
Education Trust of Alaska							5	7
Other programs (MAPTS, K-12, UACP)							38	
Total Number of Positions	23	22	70	55	144	111	43	7
Percent	8%	11%	25%	29%	52%	57%	15%	3%



System Office Funding Comparison

(\$ in thousands)	FY14 (actual)	FY21 (projected)	FY22 (budget)	Comments
Unrestricted General Fund	\$ 29,447.9	\$ 15,082.0	\$12,866.8	
Indirect Cost Recovery	4,148.1	4,480.0	4,480.0	
Interest income	638.3	2,900.0	2,300.0	
Student Tuition and Fees	974.5	1,715.0	1,715.0	
UA Receipts	11,286.5	12,584.0	7,798.4	UA Foundation out in FY22
TVEP	1,615.0	988.2	988.2	
UA Intra Revenue	12,039.4	14,300.0	15,100.0	
State grants and contracts	1,227.9	0.0	0.0	Programs moved out
Federal Receipts	3,923.9	0.0	0.0	Programs moved out
	\$ 65,301.5	\$ 52,049.2	\$ 45,248.4	



Research

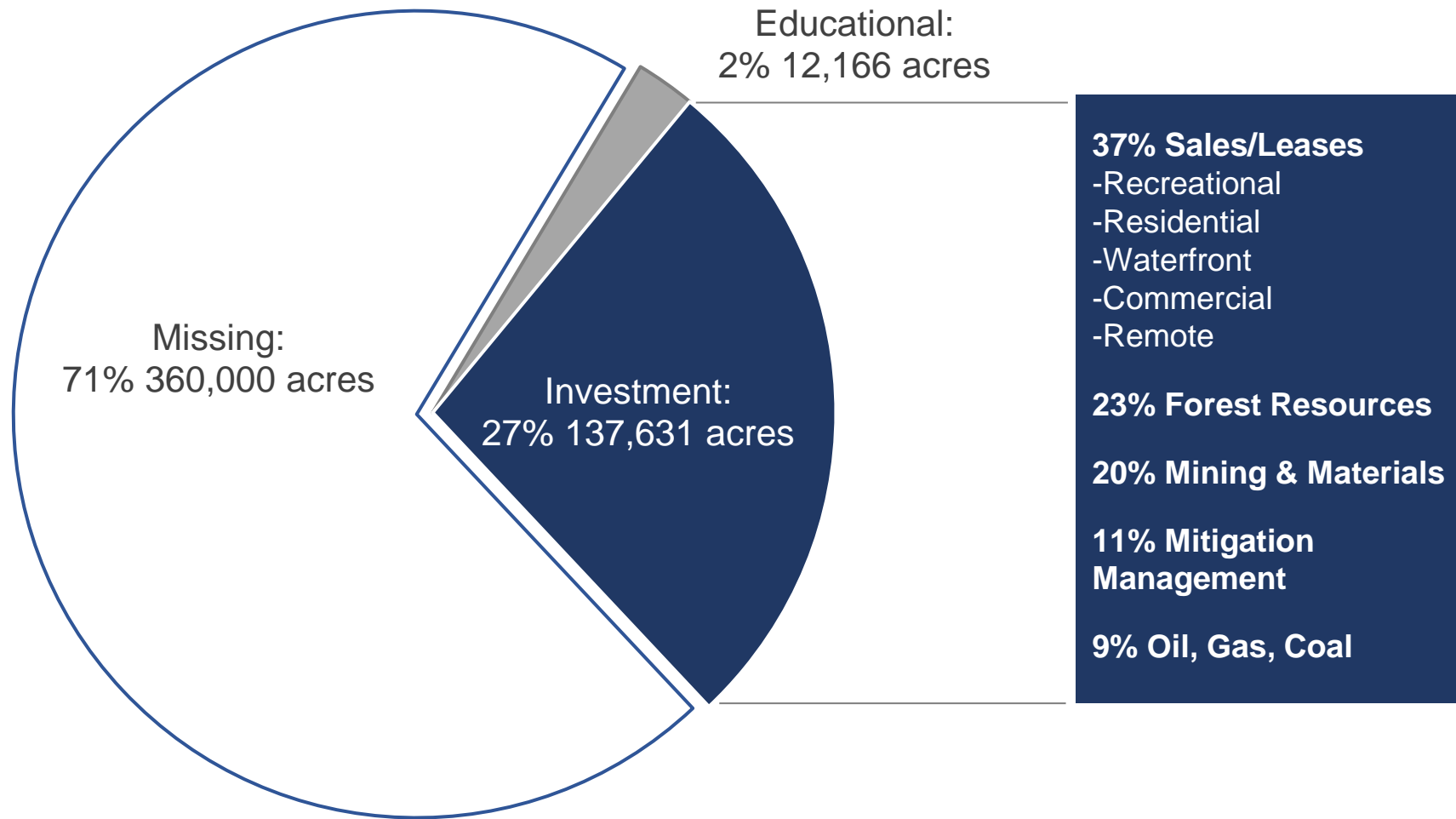
Nationally Competitive

High Economic Impact: \$160M external funds -

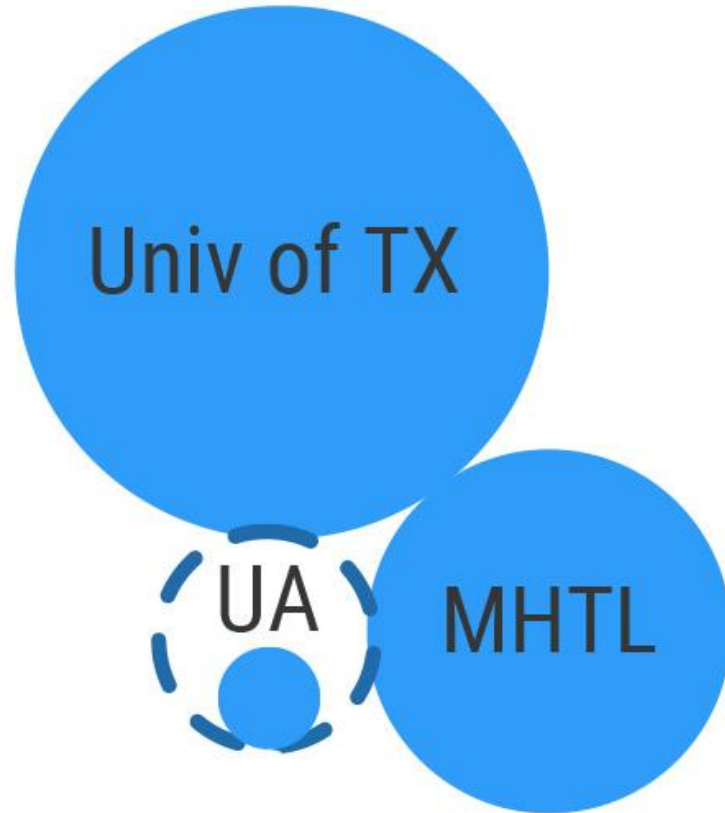
- Arctic
 - Infrastructure
 - Security & Defense
 - Culture & Health
- Energy
- Climate Modeling, Adaption and Mitigation
- Health Research
- Unmanned Vehicles (applications, systems and policies)
- Fisheries, Ocean Sciences and the R/V Sikuliaq
- Pilot Safety/FAA



University Land Holdings ~150k Acres



UA Land Grant Acreage Comparison



University of Texas	University of Alaska	Mental Health Trust
2.1 Million Acres (1876)	150,000 Acres (1987) (360,000 missing)	1 Million Acres (1994)
Generated \$21.4 billion in 2019	Generated \$6.8 million in 2019	Generated \$10.6 million in 2019

Note: The State of Alaska received 104.5 Million Acres (1959) and generated \$11.2 billion in 2019



UA Land Legislation

- 360,000 acres missing from UA's land grant
- Alaska's Congressional Delegation introduced the "University of Alaska Fiscal Foundation Act," that would establish a formal federal program under which the land conveyances would be executed
- UA is working with the Alaska Department of Natural Resources to identify lands suitable for conveyance to the University
- UA is also considering diversifying its real property portfolio including lands that have potential for mineral, oil & gas, timber, and other natural resource values, lands with residential, recreational, or commercial value, and wherever possible, lands that are near communities with a need for expansion or economic development
- UA endowment is \$409.5 million
- UA Land Grant Trust Fund \$165 million





QUESTIONS?



Appendix



Bartlett and Moore Hall Modernization and Renewal - \$18.65M

Bartlett and Moore are UAF's two largest residence halls. The halls are highly utilized and showing a half-century of wear. This project will renew the sanitation infrastructure of each building, update finishes in resident rooms, and modernize the student experience.

The sanitary sewer lines within each building are at risk of imminent total system failure that would require UAF to close one or both halls with no notice to occupants should a failure occur. Over the last four years, plumbing that supports the restrooms has failed a number of times, leaving portions of each building without sanitation facilities while repairs are completed.

Work will completely demolish stacked restrooms on all floors, rebuild the plumbing, electrical, and ventilation systems, and reconstruct code compliant restroom facilities on each floor.

The project will also replace outdated and worn flooring and provide fresh paint in each hall. These facilities require these critical updates in order to serve as an attractive option for enrolling new students with a promise of safe and modern living conditions.



UAA Building Energy Performance Upgrades - \$10.9M

This energy savings performance project will incorporate mechanical and electrical system improvements to three critical facilities, the Professional Studies Building (PSB), the Wendy Williamson Auditorium (WWA), and the Social Sciences Building (SSB).

- PSB scope will include LED lighting upgrades, electrical safety upgrades, boiler replacement, replacement of the existing Air Handling Unit Fan with a Fan Wall system, and convert outdated pneumatic controls to DDC.
- WWA scope will include LED Lighting upgrades, electrical safety upgrades, conversion of pneumatic controls to DDC, and hot water pump replacements.
- SSB scope will include LED lighting conversion, electrical safety upgrades, the addition of hydronic heating to the 2nd & 3rd floors of the building, conversion of pneumatic controls to DDC, and fin tube repairs.



UAA Integrated Sciences Building Energy Savings Project - \$428,000

This project will construct a combined heat and power (CHP) plant in support of the Conocophillips Integrated Science Building (CPSIB), reducing the building's combined electrical and natural gas utility cost. Total project cost \$1.1M, partnering with AEA on a federal grant.

The UAA CPISB operates continuously on a 24/7 schedule and requires continuous, reliable power, while electricity in Alaska is quite expensive. As a laboratory operating in an arctic environment, with much of the building requiring 100% exhaust ventilation, it also has a very large heating demand, and this makes the CPISB an ideal host site for a CHP Plant.



Workforce Reports

<https://www.alaska.edu/research/wd/reports/index.php>



Administration & Finance



Aviation



Construction



Fisheries & Marine Science



Health



Information Technology



Mining



Oil & Gas



Teacher Education

Dual Enrollment/Middle College

Partnerships with K-12 districts across Alaska provide a variety of dual enrollment options to meet student and district needs

On-Campus programs

- UAA Alaska Middle College enrollments are currently 273, an 84.5% increase over the life of the program
- UAA Mat-Su Middle College has 133 students currently enrolled
- UAF North Star College, a middle college with FNSBSD started in-person in fall 2020 with full cohort of 40 senior students. UAF and FNSBSD are working to expand the offering to juniors and seniors.
- UAA ANSEP offers a Middle School Academy, High School Acceleration Academy, and Summer Bridge program
- UAA Kenai Peninsula College JumpStart Program offers juniors and seniors the opportunity to complete up to 30 credits or an associate degree at a discounted rate (program is subsidized by the Kenai Peninsula Borough); KPC has also launched a middle college
- UAS Supporting Transitions and Educational Promise Southeast Alaska (STEPS) grant with the Alaska Association of School Boards
- 56% of Middle College graduates go on to enroll in a UA degree program

“Virtual” Middle College

- The UAF Alaska Advantage program, a "virtual" middle college, is partnered with more than 30 school districts and homeschool programs, UAS also participates



Focus on teacher education

Meet critical state need

- Online, “face-to-face” and hybrid accredited initial licensure teacher education programs
- Educators Rising program (UAF/UAS)
- Coordinated advanced certification programs
- SILKAT (Sustaining Indigenous Local Knowledge, Arts and Teaching) & Alaska Indigenous Teacher Initiatives grants (UAF) launched to establish cross-organization alliances and partnerships with rural school districts to prepare more Indigenous teachers
- UA will be launching a new website and awareness campaign aimed at attracting more students to our education programs
- Improving access in Anchorage and South Central, AK
- Mentoring to address teacher turnover

