



University of Alaska

Empower Alaska

House Education Committee

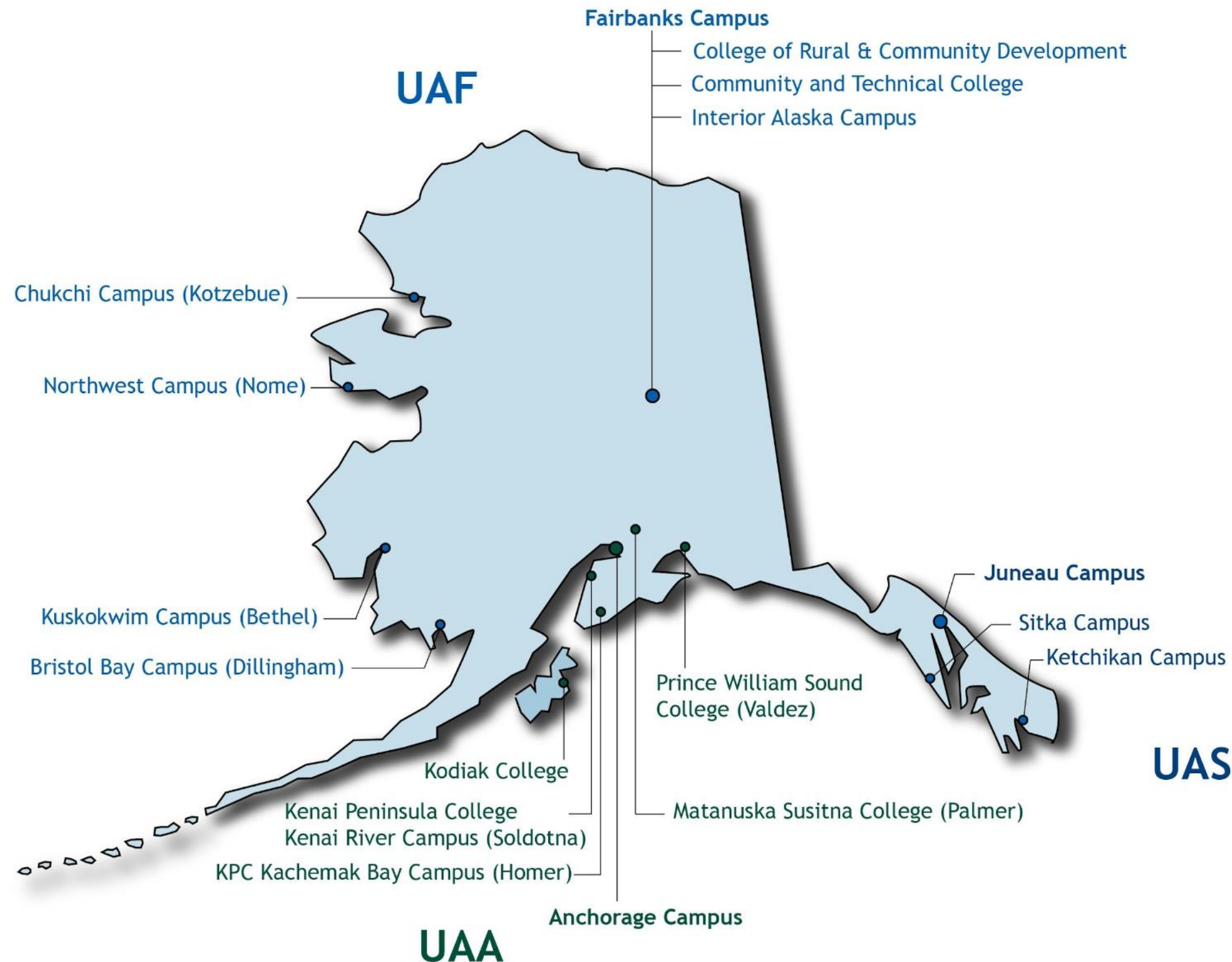
March 27, 2023

President Pat Pitney



UNIVERSITY
of ALASKA
Many Traditions One Alaska

University of Alaska Alaska's System of Higher Education



Three universities:

- Diverse missions
 - UAF - Research University
 - UAA - Open access, Comprehensive
 - UAS - Regional University
- Unique experiences
- Shared value
 - Serving their communities through community campuses
 - Offering a breadth of programs from workforce credentialing to doctoral degrees

UA Priority Focus Areas



Increase Student Enrollment
Through Retention in Degree
Programs for Alaska's Workforce



Develop Workforce and Focused
Economic Development Initiatives



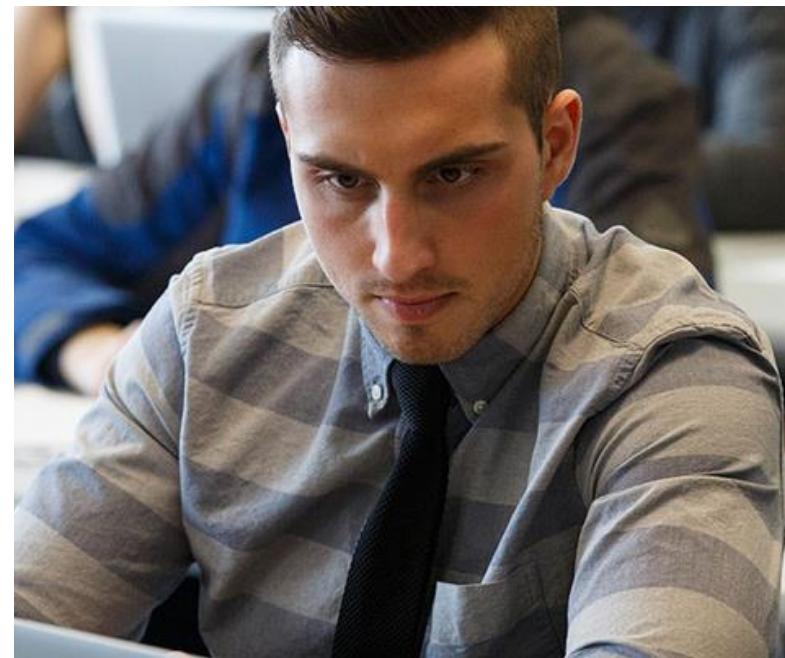
Promote Arctic Policy, Research
and Leadership



Strengthen Teacher Education
Through the Alaska College of
Education Consortium



Advance the Alaska Native
Success Initiative



Build Finance Industry Partnerships
to Expand Business Workforce



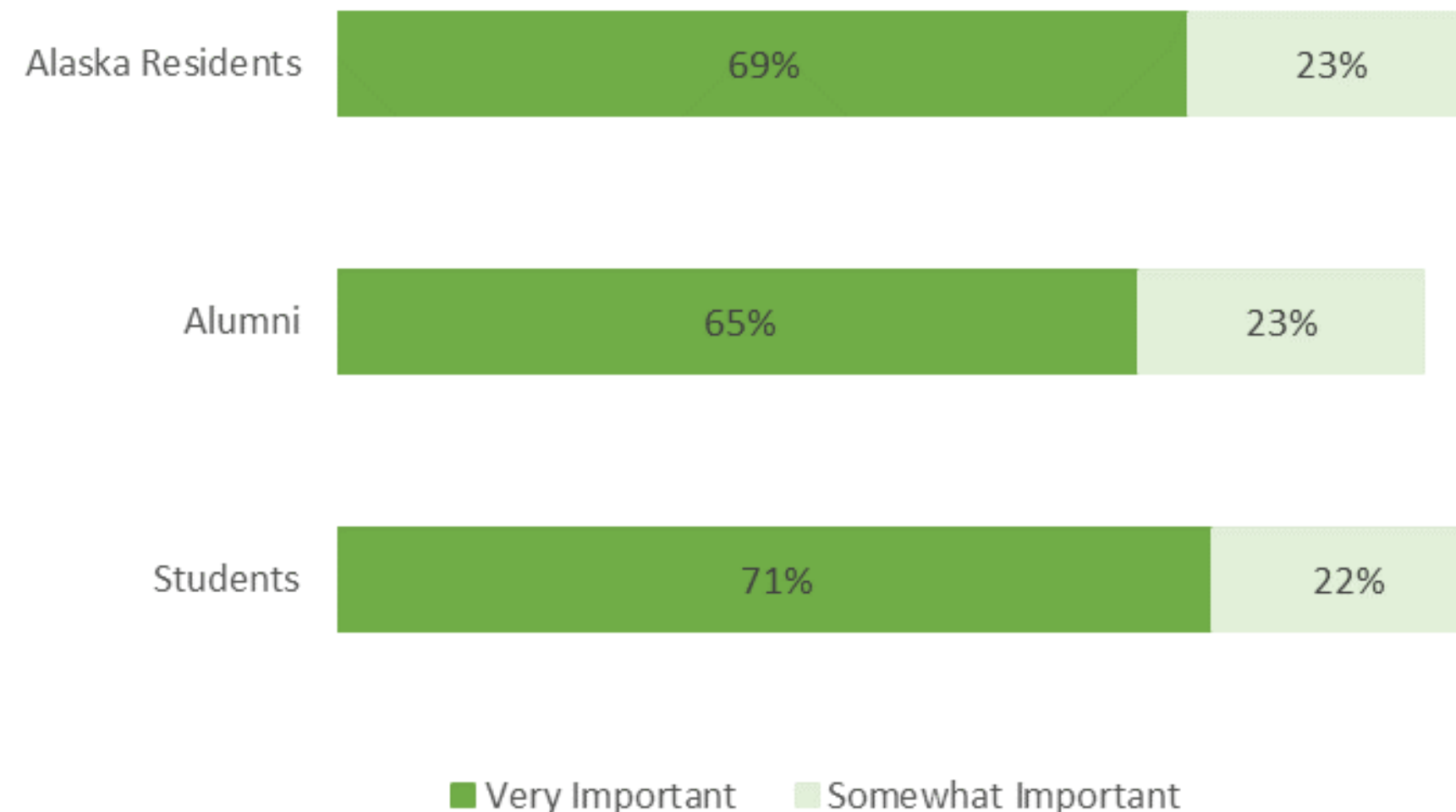
Increase Fisheries and Ocean
Sciences Presence in
Southeast Alaska



Revise Business Models
for Efficiency and Modernization

Empower Alaska Campaign

- We know that Alaskans value higher education and the contributions of the university to the economy (92% of Alaskans say the state needs a public, systemwide university)
- A recent public opinion poll puts UA's overall approval rating at 81% (69% very important and 23% somewhat important)



COVID Funding



COVID Relief Funds Summary

- UA Received COVID relief funding from federal, state, & community organizations
- \$88.8 million from three Federal Acts:
 - CARES Act - Coronavirus Aid, Relief, and Economic Security (March 27, 2020)
 - CRRSA Act - Coronavirus Response and Relief Supplemental Appropriations (December 27, 2020)
 - ARP Act - American Rescue Plan (March 11, 2021)
- \$3.8 million the Governor/s Emergency Education Fund
- \$748 thousand from other communities and organizations
- COVID relief funds were mostly expended by December 2022, with any remaining funds expended by the end of FY23.



COVID Relief Funds for Students

	UAA		UAF		UAS		Total UA	
	Amount	# of students	Amount	# of students	Amount	# of students	Amount	# of students
CARES Act (Spring 2020)								
Relief awards	\$ 1,959,000	2,447	\$ 1,025,805	2,011	\$ 143,415	535	\$ 3,128,220	4,993
Emergency awards	\$ 763,592	406	\$ 7,520	5	\$ 43,055	30	\$ 814,167	441
CRRSA Act (FY21)								
Relief awards	\$ 1,861,610	1,417	\$ 1,026,510	2,729	\$ 186,470	322	\$ 3,074,590	4,468
Emergency awards	\$ 860,982	492	\$ 6,816	4			\$ 867,798	496
ARP Act (FY22)*								
Relief awards	\$ 9,791,165	2,769	\$ 4,197,475	5,200	\$ 984,140	571	\$ 14,972,780	8,540
Emergency awards	\$ 550,000	116	\$ 2,950	12			\$ 552,950	128
Totals	\$ 15,786,349		\$ 6,267,076		\$ 1,357,080		\$ 23,410,505	

Note: May include duplicate student counts. For example, a student listed as receiving a CARES award, may also have received an ARP award.

* ARP includes estimates for awards currently being distributed in the Spring 2022 semester

Relief Awards: Distributed to students based on need and federal eligibility requirements. Awards are to help with expenses related to the disruption of campus operations due to coronavirus, including cost of attendance, such as food, housing, course materials, technology, health care and child care.

Eligibility for awards generally included some or all of the following criteria:

- Enrolled in in-person spring 2020 semester course (CARES Act)
- Admitted as a degree-seeking student
- Completed a valid FAFSA
- Eligible for Title IV funding
- Maintaining satisfactory academic progress (SAP)

Emergency Awards: Students who did not meet the greatest need criteria apply for these awards based on their qualifying expenses due to the coronavirus disruption.



Institutional COVID Relief Funds

Sources:		Uses:							
	Total Awarded	COVID Expenses	Student Support	Refunds	Leave & Healthcare	Health & Emergency Response Costs	Lost Tuition Revenue	Lost Auxiliary Revenue	Other Lost Revenue
CARES Act HEERF-I – Inst. Support	3,942,386	293,446	162,546	3,486,394					
CRRSA Act HEERF-II – Inst. Support	13,466,748	116,586	1,159,761	117,828			7,993,694	1,811,879	2,267,000
ARP Act HEERF-III – Inst. Support*	14,361,440	636,266	250,000				7,219,443	5,945,731	310,000
HEERF-I: Title III/Minority Serving/Strengthening Inst.	2,674,359	57,734	250,000	33,178			206,660	2,068,922	57,866
HEERF-II: Title III/Minority Serving/Strengthening Inst.	5,282,803	516,590					3,973,446	792,767	
HEERF-III: Title III/Minority Serving/Strengthening Inst.*	6,812,582	1,758,834	1,154,000				2,379,634	686,234	833,880
CARES Act - via DHSS Coronavirus Relief Fund	2,921,479	348,926			2,572,553				
CARES Act - via DHSS Coronavirus Relief Fund	13,910,722	2,603,767			3,810,854	7,496,101			
CARES Act - via Fairbanks North Star Borough	2,000,000	2,000,000							
Governor's Emergency Education Fund - General*	1,700,000	300,000	1,400,000						
Governor's Emergency Education Fund - UAA Health*	2,100,000					2,100,000			
Other Communities and Organizations	747,651	747,651							
Institutional Support - Total	69,920,170	9,379,800	4,376,307	3,637,400	6,383,407	9,596,101	21,772,877	11,305,533	3,468,746

* Includes estimates for uses of funds for the second half of FY22 or the remaining eligibility period. In process at the time of this report.

- COVID Expenses - include but is not limited to information technology support, supplies, services, personal protective materials, tests, labor, travel in support of the pandemic response
- Student support - Direct student aid or program support for student services or student retention
- Refunds - housing, dining, courses, and other refunds processed primarily when activities shut down at the beginning to the pandemic in Spring 2020
- Leave & healthcare - costs of employees taking COVID-related leave, and the cost of COVID related healthcare claims
- Public Health & Emergency response costs - campus health clinics and public safety personnel costs in support of pandemic response
- Lost tuition revenue - amount of COVID support applied to tuition revenue due to enrollment declines related to the pandemic
- Lost auxiliary revenue - amount of COVID support applied to auxiliary revenue (e.g. housing, dining, parking) due to less in-person activity
- Other lost revenue - examples include museum, conferences, child care



Enrollment Highlights

Spring 2023 Enrollment:

- Headcount up 1 percent over Spring 2022. First year-to-year increase in 10 years.
- Significant enrollment increases at most Community Campuses, the UAA and UAF Community and Technical Colleges and the UAS School of Career Education
- More students in classes and return to face-to-face instruction, but there are more online options for students across the UA system than pre-COVID

Dual enrollment:

- In FY22, more than 2,300 high school students were enrolled in a University course an increase of 10% over FY21.

UA Scholars:

- As of February 1, 48 percent of eligible UA Scholars secured their award by applying to UAA, UAF or UAS an increase of 11% percent over 2022.

Teacher Preparation

- Re-established BA in Early Childhood Education at UAA
- Pilot program to provide financial support for students in teaching internships

Healthcare

- Expansion of the Nursing program
- Pilot program to provide financial support for students in clinical programs

Alaska in the national context

- Fall 2022 enrollments were down 1.9 percent nationwide, and Fall enrollment across UA was similar
- The average debt of University of Alaska graduates and the percentage of graduates with debt is below the national average.

Enrollment/Academic Profile – Current as of December 2022

Enrollment is a top priority of the University. Providing value and showing what we can do to help Alaska.

Enrollment*

- Total Student Headcount - 20,190
- University of Alaska Anchorage - 11,360
- University of Alaska Fairbanks - 7,400
- University of Alaska Southeast - 2,130
- Total Full Time Equivalency - 11,720

Academic Profile

- Faculty - 1,875
- Staff - 3,271
- UA Scholars* - 1,276
- AK Performance Scholars* - 1,866
- Dual-Enrollment Students** - 2,324
- UA Alumni - 120,000+

*Data estimates from Fall 2022 as of December 19 2022

**Data for FY22

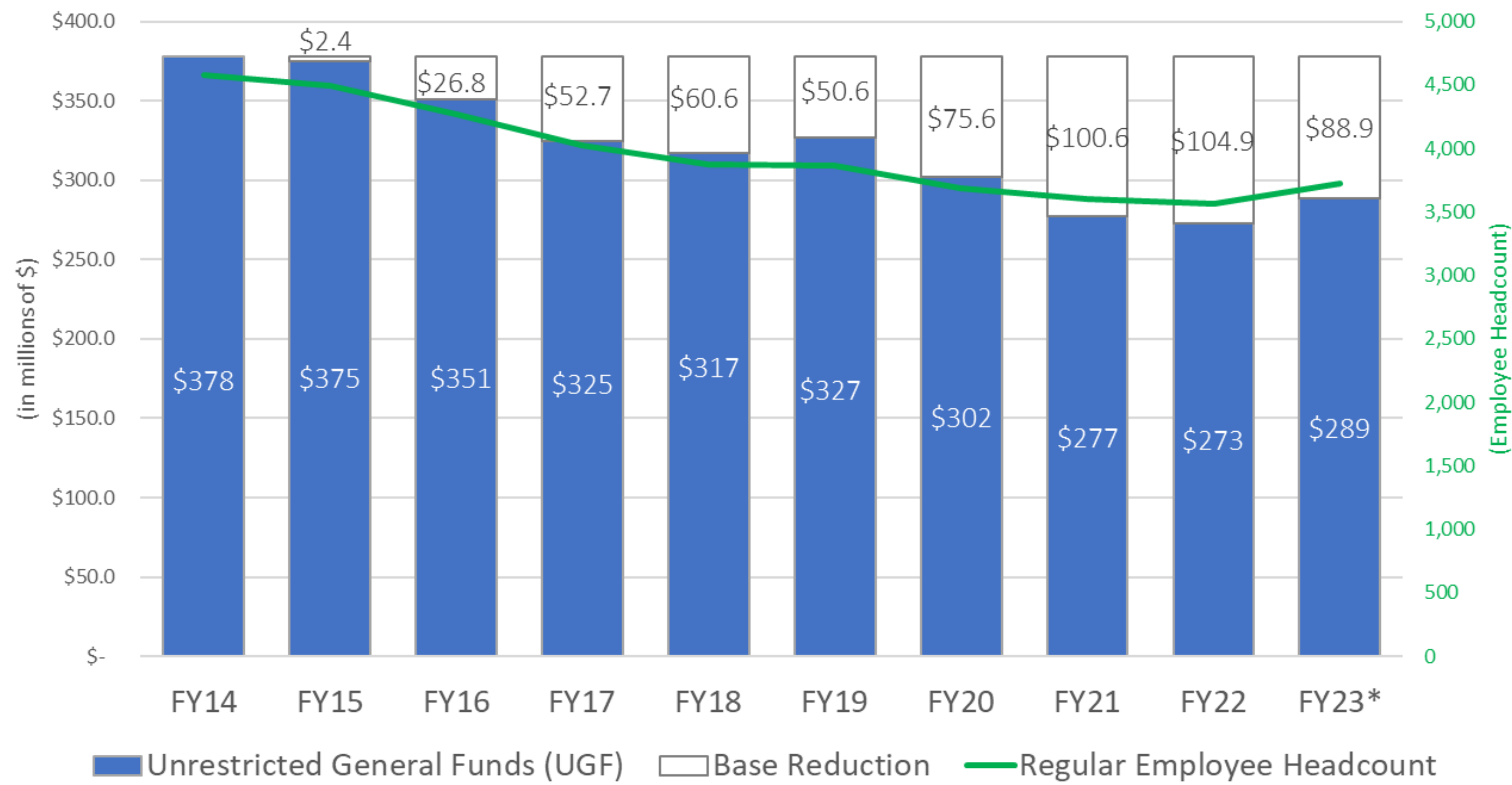


Boosting Enrollment - Importance of Alaska Performance Scholarship (APS) and Higher Education Investment Fund (HEIF)

- Alaska Performance Scholarship (APS) recipients provide a return of investment for Alaska.
- An important piece for boosting enrollment.
- Notice for receiving the scholarship should be in fall semester of senior year. The current award notification process informs students of their award eligibility after many have already committed to universities outside Alaska.
- Higher Education Investment Fund (HEIF), both in “policy” and “funding,” was protected by the legislature in 2022. Good for necessary stability going forward.



Employee Headcount and State Funds History



* Excludes \$30 million (one-time fund) for research that supports Alaska’s economic development and workforce training programs and \$6.5 million for supplemental compensation funding.

WWAMI Program

In response to the legislative desire to expand Alaska's WWAMI cohort, WWAMI is developing plans for stepwise growth, increasing by ten students beginning in FY25 (July 2024). The program anticipates an additional state investment of \$48 thousand in base operating funds will be needed for the expansion, with increased tuition/fee revenue expected to cover the remainder of the additional operating expenses. The bulk of the operating increase for this expansion is for additional faculty and instructor positions. Funding is included in Governor's FY24 Proposed Budget.

This programmatic growth also requires a one-time investment of approximately \$2 million to expand clinical lab space on the Anchorage campus. The complete project renovates the remainder of the Sally Monserud Hall (SMH) and expands WWAMI's simulation capacity by creating three advanced simulation rooms, a debriefing space, and supporting infrastructure. Funding is included in Governor's FY24 Proposed Budget.

In addition to UA program funding, ongoing base funding to Alaska Commission on Postsecondary Education (ACPE) for WWAMI expansion is needed. In FY23 ACPE received \$1.647 million in one-time funding for payment to the University of Washington School of Medicine to expand the WWAMI program from 20 students to 30 students. Base funding is included in Governor's FY24 Proposed Budget.



FY24 Research and Workforce Training Programs

The University of Alaska (UA), as Alaska's higher education system, is strategically positioned to have a significant positive impact through research and workforce training. The State's FY23 \$30 million multi-year investment in areas where UA has expertise will support the State's economic recovery. A modest amount of base funding will be requested in FY25 to transition the investments in heavy oil, critical minerals, and mariculture. Continued FY24 investments include:

- UA Drone Program Year 2 - \$20 million (\$10 million included in Governor's FY24 Proposed Budget)
The University of Alaska conducts many of the testing operations needed to support the full integration of drones with traditional aircraft in U.S. airspace and develop the workforce needed to support this emerging industry in Alaska. Alaska possesses the perfect environment for testing the technologies, policies, and procedures needed to conduct real-world drone cargo operations with minimal risk to people on the ground and other aircraft. Emerging technologies and supporting educational programs take time to develop, this is year 2 of a 5-year plan.

Major Initiatives from FY23-FY24 – In Progress

- Drones
- Health
- Mariculture
- Critical Minerals
- Alternate Energy
- Heavy Oil Recovery



FY23 Economic Development and Workforce Training Programs

UA Drone Program \$10 million FY23-FY24 operating (year 1 of a 5 year plan)

Drone research is already changing how resource managers assess and plan their businesses and monitor their operations. The Alaska Center for Unmanned Aircraft Systems Integrations (ACUASI) continues to leverage beyond-visual-line-of-sight flight capability that sets the program apart from its peers. It is one of the first steps towards proving the ability of technology to prevent unmanned aircraft from colliding with manned aircraft and opening Alaska's airspace to routine unmanned aircraft operations.

Health Program \$3.5 million base operating & \$250 FY23 operating

Alaska's healthcare costs are among the highest in the nation. One way to reduce down high costs is to grow our own healthcare workforce. High faculty turnover and shortages have prevented the significant expansion of the University of Alaska Anchorage's capacity for training registered nurses. Funding covers the salaries, benefits, and costs of the new faculty hired in FY22.

Mariculture, Fisheries, Seafood, & Maritime Programs \$7 million FY23-FY24 operating & \$2 million capital

Mariculture is anticipated to be a \$100 million industry in 5 years. The recent U.S. Department of Commerce award to Southeast Conference to advance a sustainable mariculture economy included funding for UA programs across the state that will train Alaskans and provide technical support to grow this emerging economy. UA mariculture research which - among other things - will help the state understand how climate change factors could impact the industry, and how to establish kelp and seaweed farming stocks.



FY23 Economic Development and Workforce Training Programs

Critical Minerals and Rare Earth Elements \$7.8 million FY23-FY24 operating & \$750 thousand capital

In August 2022, in partnership with state and congressional leaders, UA hosted a summit to explore Alaska's role in meeting the country's need for a domestic supply of critical mineral resources. The race for clean energy technologies places Alaska at the center of U.S. demand to develop domestic sources. Critical minerals are plentiful in Alaska – copper, lithium, nickel, cobalt, and rare earth elements – serve as essential components in clean energy technologies, from wind turbines and electricity networks to electric vehicles. Securing a domestic supply of critical minerals is essential for both the country's green energy goals and national defense.

Alternate Energy & Emerging Energy Opportunities \$2 million base operating & \$2.5 million capital

UAF's Alaska Center for Energy and Power partners with the industry to lower the cost of energy and develop Alaska's new energy future. In the past few months, staff and faculty have shared the latest findings about solar and wind potential in Kotzebue; small-scale nuclear reactors for rural communities; hydrokinetic energy potential for McGrath; and energy efficiency developments for homes and buildings that would benefit all of Alaska.

Heavy Oil Recovery Method R&D \$5 million FY23-FY24 operating

UA operates 54 programs whose graduates are important to the oil and gas industry. More than half of those programs result in a certificate or associate degree. In a ten-year period, more than 3,600 people graduated from these programs and 76 percent were employed in Alaska within a year. UA researchers believe the potential to recover billions of barrels of oil from existing fields, and through a partnership with the state and Hilcorp, UA is working on a plan to make that happen.

Legislative Priorities

- Extend education tax credit
Alaska's Education Tax Credit program allows tax-paying entities to make charitable contributions to support education in Alaska. Education Tax Credits encourage partnerships between education entities and industry to directly meet workforce needs. Tax credits have a sunset date of Jan 1, 2025.
- Student financial support
 - Award Alaska Performance Scholarship (APS) and Alaska Education Grant (AEG) in fall senior year. The current award notification process informs students of their award eligibility after many have already committed to universities outside Alaska.
- TVEP extension
Technical Vocational Education Program (TVEP) is up for reauthorization in FY25.

Focus on Student Success – Future Workforce



FY23 Student Success Initiatives

Health Care Clinicals \$1 million base operating

The healthcare field is facing significant expansion. A competent skilled workforce is indispensable to support the health of residents across the state, especially in rural Alaska. Unfortunately, living while learning to become a health professional has been a significant challenge.

An unrestricted general fund investment of \$1 million in FY23 is for paid healthcare clinicals, to provide support to the next generation of health professionals as they further help the state. The clinical support will help balance payments for necessary expenses. This funding will aid in the further growth of UA-trained healthcare professionals helping to meet health workforce needs. As of February 2, 2023 the \$1M allocated has been allocated to approximately 281 students conducting placements across the state.

Teacher Practicum/Student Teaching \$1 million base operating

Alaska faces a critical shortage of qualified teachers, especially in rural Alaska. The practicum/student teaching portion of the licensure process was identified as a barrier to entry into the profession, due to the significant time involved in this critical training element with no compensation available for the time in the classroom. Living wages have been difficult for many, and this may have a significant impact on Alaska's future education workforce.

The Teacher Preparation Pilot program utilizes state funding to encourage students to complete initial licensure and incentivize participation in the UA teacher preparation program that includes a year-long internship under a qualified mentor. The program off-sets program tuition costs during the final two years of degree completion, and off-sets students' living costs during the year-long internship of the initial licensure program.

Current and prospective students in the final years of UA's teacher licensure programs who meet eligibility requirements can now apply for the UA Teacher Internship Scholarship, with recipients receiving tuition, fees and a \$10,000 stipend to offset living expenses. The university expects to award up to 30 student teachers in the next year.



UA Land Grant – Important Progress

- Senator Murkowski added the University of Alaska Fiscal Foundation Act (S. 1128), to the [Consolidated Appropriations Act for Fiscal Year 2023](#), on behalf of the University.
- Despite being located in the largest state in the union, UA has one of the smallest land endowments—just 110,000 acres—of any applicable institution anywhere in the country. To help remedy this, S. 1128 allows the UA and the State to jointly identify up to 500,000 acres in Alaska for potential conveyance. The Department of the Interior (DOI) will then survey those selections and work with UA and the State to transfer up to 360,000 acres to UA. Any transfers will be deducted from Alaska’s outstanding statehood lands entitlement, which still totals millions of acres.
- This is the first step.
- Coordinating with the Alaska Department of Natural Resources and communicating on land batches.
- May take years for land selections, potential litigation, etc.



Questions?



Appendix



FY24 Budget Summary Status Quo (maintain stability)

- FY24 Status Quo Operating Budget
 - Maintain Stability - \$24 million (8.3% increase)
 - \$6.5 million - FY23 supplemental compensation (also need in the FY24 base budget)
 - \$12.7 million (\$15.2 million total) FY24 compensation increase
 - \$4.8 million unavoidable fixed cost increases
 - Cyber Security
 - Insurance Premiums
 - Emergency Response & Disability/Health Services
 - Student library digital access
 - Shared Services – HR & Procurement
- FY24 Capital Budget
 - #1 Facilities Modernization - \$2 million space renovation for WWAMI expansion
 - #1 Deferred Maintenance/Renewal & Repurposing - \$17.5 million UAA facility systems



FY24 Budget Summary Moving Forward (advance key priorities)

- FY24 Operating Budget - \$7.2 million
 - \$2.0 million unavoidable fixed costs (facilities maintenance, commodities and contractual services)
 - \$5.2 million programs to build capacity for Alaska's workforce
- FY24 Capital Budget
 - \$54.8 million DM/R&R
 - \$19.2 million Facility Modernization
 - UAA College of Health and Library Learning Commons
 - UAF Student Engagement Center
 - UAS Lab Consolidation
- Economic Development: Research/Workforce Training Programs (continuation)
 - UA Drone Program Year 2 - \$20 million (\$10 million in Governor's Proposed Budget)
- Revenue Assumptions
 - \$899 million total budget authority, \$523 million (58%) is from unrestricted sources
 - \$320 million in state general funds and \$203 million unrestricted earned revenue
 - FY24 UA expects a net \$3 million increase in unrestricted earned revenue
 - Assumes state support for programs
 - \$1 million in tuition and fee revenue as enrollment stabilizes
 - \$2 million in other unrestricted earned revenue, such as interest income, university receipts, and indirect cost recovery (from competitive externally funded research projects)



Building Future Workforce - Education

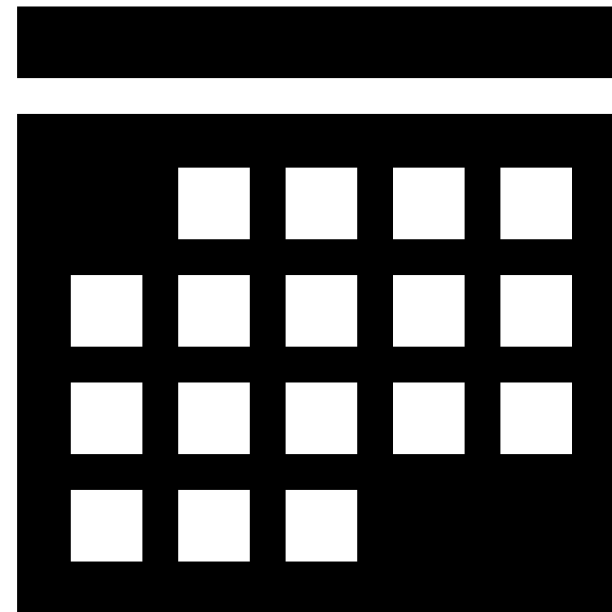
Tax Credits (ETC) - What are they?

- Alaska's Education Tax Credit program allows for taxpaying entities to make charitable contributions to support education in Alaska.
- “Think of the big checks.”



What are Education Tax Credits (ETC)? (Continued)

- Credit amounts have evolved over the years as the Alaska Legislature balances the credit received and the state treasury.
- The credits have a sunset date: **Currently Jan. 1, 2025**. The credits must be continued by the Alaska Legislature, via statute.
- Meet direct workforce demands.



ETC - A taxpayer is allowed credit for contributions of cash or equipment for...

- (1) [...] direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;
- (2) for secondary school level vocational education courses, programs, and facilities by a school district in the state;
- (3) for vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;
- (4) for a facility by a nonprofit, public or private, Alaska two-year or four-year college accredited by a national or regional accreditation association;
- (5) for Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state; and
- (6) for education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government.



ETC - How much credit?

- The amount of the credit is 50 percent of contributions.
- **Combined credit amount** may not exceed \$1,000,000.
- Cannot reduce a contributor's tax liability to below zero for any tax year.
- "Credit amount" has been subject to much debate. The amounts were reduced when the state treasury was stressed in 2018.
- How long will sunset be?
 - Does the Legislature want to return to phased credits (For example: 50% of contributions of not more than \$100,000, 100% of next \$200,000, and 50% of amounts that exceed \$300,000) instead of the flat credit of 50% for contributions?
 - Return to the "combined credit cap amount" of \$5,000,000 instead of \$1,000,000?

