

SENATE FINANCE COMMITTEE
LOG NOTES
02/05/01

GENERAL SUBJECT(S):

State of the University
President Mark Hamilton

Joint Meeting
with the
House Finance Committee

The following overview was taken in log note format. Tapes and handouts will be on file with the Senate Finance Committee through the 21st Legislative Session, contact 465-4935. After the 22nd Legislative session they will be available through the Legislative Library at 465-3808.

Time Meeting Convened: 9:06 AM

Tape(s): SFC-01 # 8, Side A

	PRESENT:
x	Senator Donley
x	Senator Kelly
x	Senator Austerman
x	Senator Green
x	Senator Hoffman
x	Senator Leman
x	Senator Olsen
x	Senator Ward
x	Senator Wilken
x	Representative Mulder
x	Representative Williams
x	Representative Bunde
x	Representative Foster
x	Representative Harris
x	Representative Hudson
x	Representative Lancaster
	Representative Whitaker
	Representative Croft
x	Representative Davies
x	Representative Moses

ALSO PRESENT:
SENATOR RANDY PHILLIPS
SENATOR GENE THERRIAULT
REPRESENTATIVE SHARON CISSNA
REPRESENTATIVE JOHN COGHILL, JR.
REPRESENTATIVE ANDREW HALCRO
REPRESENTATIVE JOE HAYES
REPRESENTATIVE JEANNETTE JAMES
REPRESENTATIVE MARY KAPSNER
REPRESENTATIVE BETH KERTTULA
REPRESENTATIVE LISA MCGUIRE

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REPRESENTATIVE PEGGY WILSON
GENERAL MARK HAMILTON, President, University of Alaska

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LOG	SPEAKER	DISCUSSION
0	Co-Chair Kelly	Introduction
	Representative Mulder	Gave President Hamilton's credentials, education, assignments in the military, etc.
44	MARK HAMILTON, President, University of Alaska	Introduced board of regents members and members of the Alaska Coalition of Student Leaders.
62		Should be a great point of pride that Alaska has the most assessable legislators in the country.
71		Two years ago, I came before you for the first time, showed you that university had lost the ability to contribute to its own funding and to respond to the growing needs of the state. I stated that if the university had more funds it would begin to bear more of the costs to service the state.
86		1986-1989 university was able to generate approximately, \$5.4 million in addition to general funds. Of that, only about \$100,000 was available to supplement general funding. In contrast, this year, we will generate \$26 million, of which, as much as \$5 million will be available for university requirements. We have factored this into our request.
98		By supporting the request for this year, we believe that we could generate up to \$36 million. If all these restricted dollars were directly substitutable, we wouldn't have to ask for more increases, but they are not.
104		They are dependant on general funds to generate them. Important to understand this is not simply a matter of leverage. Reason enrollment is up, along with tuition, federal receipts, university receipts, indirect costs recovery, private giving and corporate giving are because of legislative increase.
119		Substantial increase in a tough budget year You have turned the university around, partially by dollars but also by your encouragement.
128		Enrollment up first time since 1994. This year we hired recruiters for the first time ever.
130		Adding of counselors and additional

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		programs.
		20 percent of Alaskan high school graduates leave Alaska because we don't offer them the courses they want.
138		We used to have a six-month backlog of transcripts to process.
141		Today that backlog is eliminated. Pride and moral is up.
145		Talked with and worked with teachers, principals, and superintendents and asked them what is our roll? We must provide the quality teachers to run the quality schools. Begun fifth year MAT program. Addressed the need for elementary educators. Working with professionals on the ever-increasing training for the needs of educators.
160		Health care. Largest growing area in the state. Last year supported the two-year registered nursing program to Kodiak and Fairbanks. Identified the need for dental care workers and radiologists. Asked the profession to help us prioritize. Looking to offer one-year program.
177		Information technology. We've gone to the professionals who identified the areas of needed training. Highest priority not at the degree level but at the IT level. These are high paying jobs.
188		Natural resources. Alaska's future will reflect Alaska's past.
194		Engineering. Expanding programs in Anchorage and Fairbanks. Commissioner Perkins, of the Department of Transportation and Public Facilities, said he could hire every graduate and that there will even be competition.
202		Contractual pay raises were approved by the legislature last year.
204		Even with increases number of faculty, requesting marginally less money to meet these requirements because you allowed us to generate monies that we can apply.
209		Inflation. We are asking for less than one-half of one percent of our budget base to cover just the extraordinary inflation items of library and IT software licensing and hardware upgrading.

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		The rest we are able to address with money that you've enabled us to generate.
215		Important long-term efficiency called convergence. This will converge the separate pipes that run video, voice and data, into one instrument that can handle all media.
222		We are asking for funds that we will match and over-match through our access to state government.
226		Lena Point research facility and university museum are highly leveraged.
230		Accountability. Every initiative you funded last year is laid out on the Internet. Keeping us on track for what we told Alaskans we would do. Accountability is more than a buzzword.
247		Board of regents voices ring loud.
249		Co-Chair Donley asked a question two years ago regarding disbursement of funds to instruction. The FY 00 initiatives went 100 percent to instruction and instructional support. Last year 76.5 percent directly to instruction and instructional support. My request this year is 63 percent in that instruction category.
256		Representative Bunde supporter of additional emphasis in two-year programs and vocational technical programs. Of the FY 00 initiatives, 48.5 percent went to those programs. FY 01 32 percent plus 100 percent of "289 funding". In our request, 41.8 percent goes to two-year and vocational technical programs.
261		Partnerships. They continue to be our strength. They inform us and keep us on track.
264		Representative Davies is a proponent of research and being more responsive to the state. Last year, legislature gave university \$1 million to compete in a program called Experimental Program to Stimulate Competitive Research (EPSR). Nine states submitted programs to the National Science Foundation. Alaska was overwhelming voted number one submission and was funded \$3.5 million per year for the next three years to pursue programs directly germane to Alaska. Infrastructure for exploring the special

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		<p>requirements for roads and harbors for areas with extraordinary temperature changes and seismic unstable locations. Will explore engineering technologies and materials.</p> <p>High latitude, environments and contaminants, to trace the difficulties associated with the cooling of water by permafrost.</p> <p>These funds allow us to expand research opportunities to Anchorage and Juneau campuses.</p>
285		First time since 1994 enrollment up.
287		<p>Highlights of outside acclaim. University of Alaska-Southeast external accreditation report. Praised for attention to student support and curriculum quality.</p>
298		<p>University of Alaska-Anchorage external accreditation review team. Praised for expanded partnerships with community. Positive attitude of staff and students.</p>
		<p>University of Alaska-Fairbanks Rifle team second consecutive national championship. Team members maintained a cumulative 3.8 grade point average.</p>
313		Students of UAF and partners in Japan, successfully launched a rocket to an altitude of 50 miles, over ten times the previous high.
316		<p>Faculty. Numerous personal awards, competitive grants and publications. Expansion of IT courses and statewide offerings have been a challenge and they have responded. Intensive self-development.</p>
323		<p>Number of promising economic opportunities. Gas pipeline. Expansion of railroad. Will insist that fiber optic cable be included.</p>
331		Compare to 1880's railroad and telegraph connection between east and western United States.
337		<p>Many people not interested in growth. The answer is to train Alaskans to take the key jobs.</p>
343		We can't wait for the big projects to come to us, by then the good jobs are taken and infrastructure is overwhelmed and built reactively.

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348		Some legislatures already addressing the capital needs. This work should be done before the competition and high prices of the boom.
353		University stands ready to participate and inform in these key deliberations.
355		Quote from Mike Burns, chairman of Board of Regents, "Higher education yields prosperity, but it also opens doors of learning, imagination, and understanding. To give us the chance to know more and do more, to better comprehend our own lives and our neighbors."
358		Challenging story "what is rich?" asked a successful merchant banker of the Persian Gulf. "Rich is education, expertise, technology. Rich is knowing. We have money, yes, but we are not rich. We are like the child who inherits money from a father he never knew. He was not brought up to spend it. He has it in his hands. He does not know how to use it. If you do not know how to spend money, you are not rich. We are not rich." "Are you rich if your children go elsewhere to school?"
372		If you make this university strong you will be rich.
375	Co-Chair Kelly	Introduce later arriving legislators
377	Senator Leman	Last year additional funding was given and there were five areas we wanted to respond to. Logistics, vocational education, nursing and other health care, teacher training and arctic and mining engineering. I didn't hear about logistics and working with the military.
387	President Hamilton	Remarkable, set up masters degree program Next level to train material handlers, accountants, shippers, etc. Been to Hawaii twice, Pacific command looks at Alaska as their center for global logistics support. UPS and Federal Express have as well for their commercial operations. That program is well ahead of expectations.
399	Senator Leman	Ask student leaders in audience if attending using the Alaska scholars program
403		Two in this group. How is the program working in this past year?
404	President Hamilton	Remarkable number given the year, don't have exact numbers. Not going to be 109 percent like last year.
408	Senator Leman	Partnerships.

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		Elmer Rasmussen left money to university. Can you give us numbers of investments from business and individuals?
413	President Hamilton	Final Rasmussen gift total exceeds \$20 million. Designated to specific projects as he specified. Received approximately \$2.5 million from Phillips/BP as an annual commitment, dependent on oil prices. We allocated broadly to make sure university is able to participate in exploration of economic development opportunities in the state.
424	Representative Davies	Give more about how scholars program is doing. Funding out of land grant earnings. How long can you continue to do that?
428	President Hamilton	We're attracting about 40 percent of the top ten-percent of the state. After spring enrollment, 550 of Alaska's brightest students go to the University of Alaska. Using money from the natural resources fund, we will go broke next year. Not worried since we will pull out all the stops for such a valuable program. Will come to this body for funds next year. We are only state that offers neither needs-based nor merits-based scholarships. Not the first time had bright students, but once you reach a certain density, it changes the atmosphere. Source of advertisement as the numbers grow. Will see more student leaders. Will see more graduates - 80 percent of our graduates stay in the state.
457	Representative Mulder	How do numbers compare to previous year for attracting and retaining those scholars
461	President Hamilton	Got about 270 scholars the first time, about 350 the second time, against the same base of about 750 in the top ten-percent. Retention far exceeds the retention of the student body as a whole, in the low 70's. Difficult to compare that number across the country since such a unique program. We have baseline going higher.
473	Representative Mulder	In budget request focus on not only on recruiters but also counselors.
476	President Hamilton	Prior presidents, in decisions to adjust for budget reductions eliminated these positions. In efforts to retain programs, we mortgaged

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		<p>our future. We are just catching up. Only had this money since July, what's happened is not the result of recruiters and counselors, but because the legislature gave a vote of confidence. People like to ride with a winner. Will get better.</p>
501	Co-Chair Kelly	Status on deferred maintenance and the appropriations that have not yet been spent.
502	President Hamilton	<p>No capital planners in the system, used to be nine employees including an architect, long lost to staff reductions. We put together a team to address these issues. Senator Wilken asked for full accounting of this and we prepared a document. Part of the problem is with timing. When renovate a major classroom, where do those classes meet? When renovate a dorm, have to know where to put those people.</p>
516	Senator Wilken	By constitution, legislature allocates lump sum of money, which the board of regents then determines how it should be spent.
521	President Hamilton	<p>Idea of formula considered by many states. Very complex and difficult. We explored, and learned that the way funds are distributed is a wash. Heard suggestions on student head count or course hours. Each campus is important. Academic jump balls. Identify, programs succeed or fail on their own merits, no matter what campus initiated it.</p>
		SFC-01 # 8, Side B 9:53 AM
550	President Hamilton	<p>Don't think formulas work. Reward the program that serves the state.</p>
547	Senator Hoffman	Didn't mention rural campuses.
540	President Hamilton	<p>Mat-Su \$600,000 federal grant for small business development programs. Chukchi derived from legislative intent to get with local school districts and chambers of commerce, technology center and your campus and decide how to do most efficient presentation of courses. This has attracted Native corporation, Red Dog Mine and generated 450 additional student credit hours in technical field.</p>
528		<p>Great beauty in community campuses is in their ability to react to local needs. Kodiak response to two-year technology</p>

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		program in fisheries and aerospace is full and continue to be asked for additional courses
522	Senator Hoffman	How many rural campuses have you attended since becoming president?
520	President Hamilton	All of them.
519	Representative Lancaster	Bring students from Outside?
517	President Hamilton	Not much, out of state is a particular challenge, we do attract, up significantly in Fairbanks. Attracted by quality of programs. Recruiting needs to be focused. Pool shrinks quickly. 85 percent of high school graduates go to college within 250 miles of their home. We concentrate from within the state first. No better place to recruit than a high school Advertisements on the internet are of some value Advertisements as a whole are very expensive. Need to understand the market before we go after it.
497	Representative Hudson	Interested in percentage of college-bound graduates who choose Alaska.
492	President Hamilton	Was one of the missions and measures agreed upon. We now know that we capture 22 percent of high school graduates. Depends on what percentage of high school graduates actually go to college, we have low percentage in Alaska. We actually capture higher percentage of small pool. Quality schools initiative should improve this.
476	Senator Ward	Five years ago my first meeting with university, I was told they were having troubles with ability of new students. That led to exit exam. High number of high school graduates unable to perform. Has that improved?
464	President Hamilton	Significant number of high school graduates must take remedial courses. There has been a reduction in the number of remedial courses being taken, don't know the cause. We can track percentage of incoming Alaska high school graduates taking remedial courses. The symptom exists.

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444	Senator Ward	Would be interested land grant what is the status.
439	President Hamilton	Status of additional land grant funds to the University?
438	Senator Ward	
437	President Hamilton	Lands bill passed last year, important step forward in the amount of land. Of the land that we have, current value in trust fund is \$112 million. Frees for distribution each year, after inflation proofing \$5 million. Small amount compared to other land grant institutions. US Senator Frank Murkowski refers to the University of Alaska as a land grant institution with no land. Possible federal land grant. When talk about land selections, after litigations, bids, litigations, etc. 15-20 years before begin to produce. Important for next generation, but does not apply to short or mid term needs.
417	Senator Ward	1992 tried to give land to university, if so, it would be better off today.
413	Co-Chair Kelly	Thank President Hamilton Will keep your comments in mind
408		Adjourn 10:08 AM