

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**March 16, 2001**  
**9:09 AM**

**TAPES**

SFC-01 # 44, Side A  
SFC 01 # 44, Side B  
SFC 01 # 45, Side A

**CALL TO ORDER**

Co-Chair Dave Donley convened the meeting at approximately 9:09 AM.

**PRESENT**

Senator Dave Donley, Co-Chair  
Senator Pete Kelly, Co-Chair  
Senator Jerry Ward, Vice Chair  
Senator Loren Leman  
Senator Lyda Green  
Senator Gary Wilken  
Senator Alan Austerman

**Also Attending:** MARK HAMILTON, President, University of Alaska, WENDY REDMAN, Vice President, University Relations, University of Alaska Statewide System.

**SUMMARY INFORMATION**

The Committee heard an overview of the operating and capital budget requests and Missions and Measures from the University of Alaska.

MARK HAMILTON, President, University of Alaska, characterized the budget as a "reflection of what the people of the state of Alaska said they want their University to do." He continued that he considered this a "small" budget request, however, this budget is reflective of the "amount of money we can responsibly execute". He reviewed the documentation presented to the Committee in the University of Alaska Fiscal Year 2002 Operating and Capital Budget Request [copy on file], and emphasized the following portions of their operating budget request:

Maintaining a Solid Foundation (page 4)

Salary Maintenance

President Hamilton noted, even with a greater number of employees, the University was asking for "marginally less" money in this category because of the increase in monies the University was able to generate from tuitions and other opportunities.

#### Non-Discretionary Cost Increases

President Hamilton shared that the University had again been able to provide money for non-discretionary funds that allowed this budget item request to be "held down." He shared there are a few components in this category that have had high single digit cost increases and others such as hardware maintenance and software licensing agreements that have annual cost increases of 15 to 20 percent. He shared that the University, in this budget, has asked for some marginal support to help cover those costs. He emphasized that the University has been able to cover some inflationary costs because they now have to ability to generate their own funds.

#### Ensuring Academic Quality

President Hamilton explained the University has been able to insure academic quality many ways including increasing Electronic Library opportunities throughout the state and course management. He noted that many people in the state utilize more than one campus and the University had worked diligently to develop entry-level protocols that allowed people to move easily from campus to campus. In addition, he informed, with more and more classes being offered via the Internet, the faculty had been "diligent in teaching themselves" how best to teach this new mode of education via the University's Center for Instructional Design and Delivery.

#### Enhancing Technology for Alaska

President Hamilton informed that the Database for Alaskans is a program that allows Alaskans to query the Internet and download articles from the site. He continued that without this centralized system, to research, print and mail out all the items that people searched for last year, the cost would have been more that \$1 million. He informed that this is a cooperative effort between the University and the state's public libraries.

Senator Leman commented that because the University partnered with public libraries on the Database for Alaskans program, the University has been provided with "a greater resource, at less expense."

President Hamilton replied "without a doubt" that was true. He

continued that the Database for Alaskans program has, in the past, been funded in the Capital budget, and every year, there was no guarantee it would be funded. He continued that the University, this year, put it in their budget in order to have exposure and responsibility.

#### IT Convergence

President Hamilton cited the need to address the Information Technology (IT) convergence because it reflects the ever-growing opportunity and need to lease a single line mode of communication that would offer the ability to enhance education with voice, video and data applications as well as other educational opportunities. He stressed it would be far more cost effective in the long run to have one line instead of three lines handling the increasing demands being placed on information technology.

#### Enhancing Accountability and Business Efficiency

President Hamilton shared that Sustained Technology Replacement is an ongoing discussion and debate in and outside of the University and the State. He continued that the question is from where to fund the "refreshing of a computer inventory." "Does it fit in the capital budget because it, in essence," could be considered part of the facility or should it be in the operating budget, he asked. He stated the University feels this funding belongs in the operating budget.

President Hamilton explained that another University goal is to create the capacity to receive federal funds electronically. He informed that the federal government is currently doing this and wants entities it conducts business with to have this capacity.

#### Attracting and Retaining Alaska's Students (page 5)

President Hamilton shared that the University is putting forth great effort to retain students. For instance, he informed, the University of Alaska Anchorage campus reflected an increase in retention of those students who live on campus, in dorms. He stressed that positive results have been received from better student advising and support. He cited the availability of online registration, online access to grades, and financial statements, in addition to information on student loans and other financial assistance information.

Senator Ward voiced that he has "quite a few people" call him regarding how to apply for student grants for the university.

President Hamilton replied that the University is committed to providing available funding assistance information to help alleviate the financial burden on some Alaskans. He expressed that some people are more comfortable researching financial assistance information via the Internet instead of sitting down and talking to someone about it. He stressed that providing this information is exactly the type of thing that the University is striving to accomplish.

Co-Chair Donley asked President Hamilton to give an example of "critical" support for students.

President Hamilton indicated that the details regarding "critical" care for students are on page sixteen, and he detailed the hiring of six different staff positions in six different areas including career counseling, services for students with disabilities, recruiting, counseling, and student surveys.

WENDY REDMAN, indicated that the total increment to cover these six positions is included in the unallocated portion of budget reduction and addition allocation. She informed that the budget does not break out how that funding is to be distributed, but that the details for the distribution are listed on page seventeen, by campus. She further clarified that the University does not provide the distribution "up front" in the budget but instead carries it all as a single allocation within the single appropriation.

President Hamilton indicated that this single allotment within the single appropriation amounts to the "Buck stops here". He explained that by not disbursing the money until a person is actually hired keeps that funding secure. He added that this reflects the "unlikely conflict between accounting and accountability." He stated that the accounting piece of it is held for good reason, and he detailed other examples of accountability. He reiterated that the allocation is all planned, and is not distributed until the new hire is in place.

#### Meeting Alaska's Employment Needs (page 5)

President Hamilton stated that the University takes input from a wide range of professionals and professional organizations that "advise and prioritize" education needs for the University. He cited the importance of this input because the demands in every area are "far more than the university is capable of providing in a single annual increment." He gave the example of providing Early Childhood Development classes if that was the need, according to the employer input.

He continued that the largest growing sector in the state is

Healthcare. He stated that this sector is critical to all concerned, and everyone wants healthcare programs. He shared that the University heeded the advice of outside consultants and is making enormous progress in healthcare course offerings.

#### Information Technology and Knowledge Workers

President Hamilton voiced support for partnering with Consortium, and said that partnership make "enormous sense" since Consortium provides advertising, internships, summer jobs, scholarships, as well as part of the parcel and without contractual agreement, these graduates would be "snapped up" for employment.

#### Career and Technical Education

President Hamilton, referring to SB 289, stressed that he knows that Career and Technical Education is something that the Senate is "very interested" in. He affirmed that the University has supported career and technical education with an investment of approximately \$8 million, and "the state is responding enormously well to that".

#### Preparing for Alaska's Economic Success (page 7)

#### Applied Research and Technology Transfer

President Hamilton stressed that it is time that Alaska's University, which handles \$6 million of research annually, needs to have a Vice President for Research. He shared that any other peer institute carrying this much research would involve a dedicated staff in this department.

#### Arctic Energy

President Hamilton stated this has been funded federally, but there are further opportunities if state funding were allowed.

#### Data Analysis

President Hamilton declared that Alaska's location on the earth at 65 Degrees North provided the University with an opportunity that "hits an specific existing, identifiable and quantifiable need." He informed that the State has a satellite that circles the earth above Alaska ten to fourteen times a day, compared to other satellites that circle the globe only twice a day. He continued that this situation offers the University the opportunity to download data and export it to other satellites; thereby, offering the University "enormous opportunities" for real leadership in data management such as configuration, sharing, and integration with other satellites. He stressed this could give the University numerous "commercial opportunities".

## Finance and e-Commerce

President Hamilton shared that, again in a cooperative relationship with businesses, the University has been made aware of the need to have the "capacity, opportunity and awareness" of e-Commerce integrated into accounting, business and other related courses. He confirmed that the University would be striving to do that.

President Hamilton informed that the University does not currently offer a finance degree but needs to offer one.

Co-Chair Kelly inquired when the University stopped offering a Finance program.

President Hamilton responded that he is not aware of the exact time.

Senator Lemman wondered why the non-GF portions of this request are so small. He said it would appear that a Finance program would attract a lot of interest from the business community.

President Hamilton agreed it would attract a lot of interest; however, the first year would not attract as many students and the non-GF portion reflects that initial, limited tuition. He thought there would be numerous opportunities if the financial program were reinstated.

## Natural Resources & Alaska Fisheries

President Hamilton stated there is a lot of funding from the federal government in this program; however, there are additional funding opportunities in this field including information sharing, marine advisory programs, wildlife advisory, and wildlife management programs.

## Engineering

President Hamilton continued that there is, again, tremendous federal funding involved. He cited water quality systems, for example, but he stressed the University needs to "anticipate the needs" of Alaska. He revisited the onset of the oil pipeline, and opined "the University was not in the game" and had not responded appropriately. He continued that this time around, he wants the University to be "in the game providing the opportunity for Alaskans to be an integral part of the building of the state's future".

Senator Lemman inquired regarding the small water systems that

provide water to communities of twenty-five to five hundred people, and the Department of Environmental Conservation program to train small operators of these systems. He voiced concern about the "revolving door syndrome" with trained operators. He continued that he thought it might be a "better plan and made more sense" to give the \$1.27 million grant from the Environmental Protection Agency to the University to handle through its delivery system. He asked what President Hamilton thought of this idea.

President Hamilton responded "absolutely", and said he would look into it.

Senator Austerman voiced a concern about the research dollars the University received and the overhead costs associated with those programs. He continued he had met with some Kodiak constituents recently who told him about a \$1 million grant Senator Stevens had gotten allocated to the University for sea lion research. Senator Austerman was told that over half of the one million dollars going to the University went to "overhead" with only \$490,000 going to research. He added he had also talked with some Fish and Game employees who voiced this same "overhead" concern. He questioned why the University budget includes \$16.8 million in general funds for research projects when, at the same time, the University is extracting 51 percent from other state dollars such as from Department of Fish and Game. He stated this "double-dipping" concept and the funding request for the addition of a Vice President in charge of research concerns him. He questioned where the 51 percent is going.

President Hamilton explained that he did not know if they had picked a "bad term or haven't picked the right analogy", but there has been a misunderstanding about the term "overhead". He expressed that all aspects of a project have to be considered. He said, for example, if a million dollars is designated for a research project, "it is not a reasonable expectation that you are going to get a million dollars of research out of that." He continued that it "costs money to manage that money." He explained that if the University hired a faculty member to teach, and then he was diverted to a research project, the University would have to hire someone else to replace that faculty member in the classroom as well as providing facilities to conduct research in. President Hamilton used the analogy of building a house for \$50,000. He stated the \$50,000 has to cover the cost of manpower, insurance, equipment and other essentials in addition to lumber and bricks.

President Hamilton reiterated that the word "overhead" means "profit" to people, but "we don't make any profit, we pay for the absolute, real costs" incurred to the University. He continued

that in the Department of Fish and Game, all the money would go for research because the Department already employs researchers, but for the University, there are other costs incurred that have to be accounted for with the funding. He stressed that "this is not a scam, it's not a rip-off," and mentioned that he has had to explain this several times a month.

Ms. Redman informed that the University does not determine the "overhead" rate, but that "it is an audited rate determined by the federal government" for each university based on specific audited information including such things as facility costs. She continued when a grant is being reviewed, the University staff often tries to "cut the overhead rate" so the university is more competitive. She continued that on occasion, the faculty had "cut a deal" without the University administration knowing. She detailed how "cutting deals" negatively affects the federal subsidizing process of research grants using "overhead" rate guidelines.

Ms Redman addressed the need to look at developing consistency regarding "overhead" rates between State of Alaska departments, as currently there are different overhead rates in place for each department. She noted the "argument" that the state is already paying to support the University's facility costs so why should another state agency duplicate that cost.

President Hamilton disagreed with the argument of duplication. He informed that currently the University issues internal department charges. He continued there is a need to monitor where the dollars "mush", and the re-charging for these operations provides an accountability trail. He stressed that without these charges, accountability would be lost, and he feels that accountability is very important.

Senator Austerman commented that he was asking questions in order to get a better understanding on: the "overhead issue;" the "University budget; how it operates; and what it does." He stated he was looking for an answer on the "issue on whether state dollars are being double-dipped" in regards to state grants.

Senator Austerman stated he would be meeting with University staff later in the day, and hoped they could supply him with a breakdown on how the grant funding is allocated in the University budget. He asked if the \$250,000 request in the budget for the addition of a research leadership position could be covered with the "overhead" revenue source.

President Hamilton replied that the University could not supply a breakout since the "overhead" dollars are spent "for things that

would otherwise come out of general funds." He commented the "overhead" funds pay the salaries for many of the professors involved in research. He pointed out that if all general fund employees were taken away from the University, it would still be the third largest employer in the state with as many as 2,000 University's positions paid for with "overhead" funds. He stated "overhead funds" were used to pay salaries all the time.

President Hamilton characterized this scenario as a "very classic spiral" since the overhead percentage is determined by the amount of faculty and students, and how much the University spends on capital projects. He continued that as the University gets more money to hire more faculty, and, by applying "excellent differed maintenance, the status of your institution is raised." He said the "rich get richer" because it is part of the formula. He summarized that this indirect cost-recovery pays for "a lot of salaries."

Senator Wilken thanked Senator Austerman for bringing up the issue of "overhead." Senator Wilken stated he is interested in the "extraordinary" amount of money coming to the state from the federal government. He stated that a lot of that money goes to research studies.

He questioned why the University is involved in a fisheries research project when the State is involved in trying to get funding for a big fisheries project at Lena Point. He continued that the University came to the Legislature with a large money request, and then he was shown five projects from the year 2000 that reflected the 51 percent "overhead" numbers. He stated that seems like a "big carve."

Senator Wilken continued it seems like what the State and the departments need to do is have some discussion about the quid-pro quo where one department does this and another does that. He stressed that the state does not need to have twelve different agencies working separately on research grant funding, but needs one coordinating entity.

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He stressed that maybe the University needs to be the one to start monitoring all of these funds, before other Departments start to omit the University's involvement because of the high "overhead" percentage.

Senator Wilken stressed the need for the University to demonstrate

to other state agencies that the University would be a "benefit" to them and "not a drag." He concluded that other agencies might be questioning why they need to include the University since it consumes over 50 percent of the research funds. He stated the federal money coming to the state in the form of research funds might not stop for a while, and the state should use those funds wisely. He stressed that if our University is a research university then the research funds allotted to fisheries, social, and business research that the federal government has found in "their wisdom" to grant, should be funneled through the University.

Ms. Redman informed that the University is in close partnership with many state agencies for research. She detailed various examples, and that she felt there is a very good relationship between the University and these agencies.

Co-Chair Donley stated that there are approximately one hundred professors who do "pure research" and do not teach. He asked if there has been any talk about them teaching at least one class. He asked about the University policy on this matter.

Ms. Redman clarified the one hundred faculty who do not teach are not paid from general fund money. She informed that faculty is ranked and that those who do not teach are ranked as librarians and councilors.

Co-Chair Donley inquired what the policy is regarding teaching requirements for faculty who receive outside funding.

President Hamilton informed "practice" rather than "policy" play a role in this situation, and that the "practice" has been dependant on the amount of the research grant: an individual could give up a proportionate amount of teaching time "to the degree" of the funding amount. He continued that a faculty person might be able "to buy out the teaching load" entirely depending on the amount of the grant. He said the University, as part of the grant and as part of that "overhead", would demand compensation in the amount of money necessary to hire someone to teach those classes.

President Hamilton informed there is no policy in place dictating the University's actions regarding faculty's classroom teaching requirements in relation to research grants.

President Hamilton continued there is another aspect that could be considered as a research related opportunity, and that is the involvement of more graduate students and hands-on classes. He furthered that currently the number of graduate students in relation to research faculty is disproportionate to the amount of

research dollars involved.

Co-Chair Donley inquired if there is a per capita cost per student analysis for different campuses in order to determine if there is an equitable distribution of student services.

Ms. Redman responded that each campus is very different, and if they were more similar, it might make sense to compare the per capita costs per student. She continued that it would make sense to compare Fairbanks, for example, to another "peer institution" that is similar in campus housing, age groups, and full-time verses part time students because the needs would be similar.

Ms. Redman continued that the allocations for the different campuses (Anchorage, Juneau, Fairbanks) were reviewed in the past few years in order to get the campuses to "look the same." She informed that after the campuses were "weighted" in order to be compared, and the data was reviewed, the campuses were about the same overall. Ms. Redman shared that the information reflected highs and lows in different areas at each campus, and those were the areas where the money would be needed to bring the campuses level with each other. She stressed that the University continually revisits this issue.

President Hamilton explained that he viewed the issue from a slightly different perspective. He questioned how equitable the fee assessment is across the campuses as each student population has different characteristics. He asked, for example, if commuter students would be eating in the student union or using other facilities and resources, and does their usage justify the fee charge. He informed that fee charges are based on total credit hours. He opined that the kind of service the student is getting at the campus should have some bearing on the fees assessed.

Senator Green discussed the merits of whether fees should be assessed by what services are offered or should it be based on real costs of running that campus. She said it is a good thing to look at equitable services in institutions like satellite campuses, or comparing those in the rural areas or in town, when assessing fees for benefits students receive in addition to being in class.

Ms. Redman compared the campus in Homer, which she states looks "incredibly efficient" because of the availability of adjunct faculty members in the community, to other communities that do not have access to adjunct faculty but instead must hire faculty. She reiterated this adds to the cost of running the campus. She stressed this is another factor that makes it difficult to compare campuses.

Co-Chair Donley asked about the ratio of discretionary general funds regarding instruction verses research, and where it stands in comparison to the national standard.

President Hamilton responded the University of Alaska spends a larger portion of general fund money for research than its peer institutions, and it uses approximately the same amount for instruction as its peers. He informed that the University reviewed this distribution and found "data points" of interest. He shared that on a national average, approximately 72 percent of the research in a state was done by private industry with 9 percent done by a university. He continued that in Alaska, the University of Alaska conducts 51 percent of the research, and 11 percent is conducted by private industry. He commented that a higher percentage of the University's general funds go into research, but is justifiable since the research is not supplemented by private entities as much as it is in other states.

President Hamilton commented on the benefits of having "mature industry in your state" in terms of research and research interface and cooperation. He continued that with the exception of British Petroleum (BP), the opportunity for a businessperson holding a PhD to talk with another PhD person is uncommon in our state.

President Hamilton affirmed that the University would be increasing the percentage of general funds used for instruction. He clarified that through the initiative processes, the University is not asking for money to fix a building, but to provide for more classrooms in order to offer more courses to meet the needs of the state. He confirmed that increasing course availability would elevate the "already pretty good" percentage of general funds designated for instruction.

President Hamilton reiterated that while he sees the percentage of general funds designated for instruction increasing, he does not want to see the percentage for research "move down."

Co-Chair Donley asked how President Hamilton views the ratio of discretionary funds at the University of Alaska in comparison to national numbers regarding instruction and research allocations.

President Hamilton replied that due to the nature of Alaska's situation whereby there is not a high percentage of industry research, the University is filling that void, thereby putting the percentage of research "certainly higher than the national average."

Senator Green asked how the University was working to develop "fast

track courses" for folks who wished to be certified as teachers by getting a specified number of credits in a couple of years.

President Hamilton replied "this is the entire theory behind what the University calls the Master of Arts in Teaching (MAT) program." He detailed that if a person comes to the University with a Bachelors degree, they would be able to get a MAT degree in one year and graduate as a licensed teacher in the State of Alaska.

Senator Green referred to legislation sponsored by Senator Kelly that has a "different feed" on how to produce qualified teachers without the need for long-term courses. She stressed the University should be looking at offering summer courses and perhaps abbreviated courses to help offset the teacher shortage in the state. She continued that school districts could participate by providing a mentorship program to assist these graduates

Co-Chair Kelly informed that alternative certification programs being furthered in other states, offer intensive summer programs specifically intended to address the teacher shortage. He continued that while he views the University of Alaska's MAT Program as a step in the right direction, it is a traditional program, whereas the legislation he submitted might allow the non-traditional professional person to get the credentials needed to teach.

Co-Chair Kelly opined that to these people, to set aside a year or longer to get certified is a long time, and that an intensive summer program would be a better fit. He stated that other states have found that some of the best teachers are coming from a background of different professions and are teaching some of the hardest to fill teaching positions. He stressed that these professionals have a lot to offer the classroom. He voiced support for what the University is doing to address the teacher shortage and hoped that other approaches would gain support as well.

Ms. Redman stated that approaches to the teacher shortage are addressed in the University's Missions and Measures. She voiced this topic is "very interesting." She shared that in Alaska, the teacher shortages are "regionally focused" primarily in Rural Alaska, not in Anchorage, Fairbanks and Juneau, except in some specialty areas. She questioned whether offering different programs would address the teacher shortage in those regions. She shared that on a national level, including Alaska, 50 percent of graduates with teaching certificates are not teaching. She stated that "salaries" are the number one reason given when these people were polled as to why they were not teaching, and that the second reason is "location". She said that she does not know if alternative certifications would address that situation.

Co-Chair Kelly indicated his proposed legislation is offered as a "piece of the puzzle", and is not intended "to cure it."

Senator Austerman asked, referring to the "overhead" issue, if the University has a breakdown of which departments brought research and "overhead" dollars into the state.

President Hamilton detailed that the School of Fish brought in \$13 million of research money. He furthered that each dollar has a multiplier of seven into the economy. He would provide a breakout of research grant revenue to the Committee.

Senator Green, referring to teachers' education, commented that if the University looks at the background of its faculty, it would find that very few of them became teachers through the traditional training avenue.

President Hamilton replied that is "absolutely correct."

Co-Chair Donley brought to the Committee members' attention that they had both a copy of the University of Alaska Performance Measures as Established by SB 281, Submitted to House Finance Subcommittee, February 13, 2001 [copy on file] and a copy of the Article 15 University of Alaska, Chapter 127, SLA 2000, Section 153 [copy on file] that establish the University's mission and measures.

Senator Leman referred to a previous presentation that had stated 50 percent of eligible high school students for the Alaska Scholar program had enrolled in the University, but the numbers on the report did not seem to reflect the same numbers.

President Hamilton indicated the numbers were based on the number of applications the University received. He continued that last year, 800 students were eligible for the program, and 400 applied which was 50 percent of the eligible students, and the first year the program was offered, 220 applied and 275 actually came. He said that the numbers are growing, and the University would continue to go after those students.

He stated that keeping track of the status of freshmen enrollments is important. He said that the University could look like it is doing very well in enrollment of Alaskan freshmen, but could actually be capturing a smaller percentage of a larger and larger pool as more high school students decide that they want to get a college education. He stressed that the University is capturing more of the scholars, and population in general, as reflected by an

11 percent increase in first time, full time freshmen last year. He informed this was accomplished without any recruiters or development staff and with only one year of the Alaska Scholars program in place. He informed that the University's largest campus, Anchorage with half of the University's total student enrollment, had recently hired their first recruiter. He stated that with recruiters on board, the enrollment numbers would continue to go up.

Senator Leman asked how the University tracks the performance of the Alaska Scholars and if that information could be provided to the Committee.

President Hamilton replied that the University could provide information on retention, grade point averages (GPA), choice of majors and other information.

Co-Chair Donley asked President Hamilton if he wished to highlight any particulars of the Mission and Measures report.

President Hamilton referred to an area of the report regarding comparison of the University's scores on licensures to the national average (page 10. He emphasized that the University performs "very well", and it is a good reflection on the quality of the education that the University is providing.

Ms. Redman encouraged the members of the Committee to let the University know if there are other measures they would like the University to track. She informed that the Measures included in this report, were selected by the House and Senate leadership, last year. She continued there were a few measures they are tracking that will take a few years to acquire the necessary baseline data. She informed that some of the measures, such as quality issues, are "illusive", but they are gathering information on how to best track them. She thanked the Department of Labor, Research Division, and detailed the projects on which they have provided "invaluable" data and assistance to the University.

Co-Chair Kelly, referring to information listed in "Degrees Conferred in High Job Growth Areas for Fiscal Years 1998, 1999 and 2000 in the Performance Measures report, asked for clarification on why there is a "fairly significant" increase of graduates in Information Technology (IT), and a decrease or flatness in other areas.

President Hamilton responded if a person is going to "make a move," it would be in the Associate and Certificate areas because those certificates are faster to turn-around than a Masters Degree which

would take five or six years. He continued that when looking at these recaps, you have to tract for the two years it takes for someone to get through an Associate or Certificate program. He informed that the reports reflect the "certification pop-up phenomena." He added that the downturn in programs caused by flat funding to the university was not turned around until recently, and it could take a decade to recover from those low budget years, and get the people currently involved in Masters programs graduated.

Co-Chair Kelly asked how the Certificate programs are good indicators of the University's forward momentum.

President Hamilton responded those programs are good indicators of how the University is responding to the needs of the state. He detailed how the one-year nursing program has been positively received.

Ms. Redman indicated that Information Technology (IT) is an "interesting area" where the University has worked with a high tech council to develop a curriculum they want their workers to have. She shared that the council used very well defined national skill standards and has requested the University to offer skills and certificates programs. She said that degrees are not the priority in these fields, but are available. She continued that this approach applies to the health sciences as well, with less emphasis on traditional degrees and more on defined skills.

Co-Chair Donley clarified that the percentages in the far right column in the Budget report are the percentage of total dollars given to that particular category. He asked Ms. Redman to provide the Committee with how many people the Salary Maintenance category involves.

Co-Chair Donley voiced appreciation for the University's Legislative Intern program and support to have "twice as many" interns in the program as it is a great opportunity for students to experience the Legislative process. He asked Ms. Redman if there is anything that could be done to help promote and increase the number of interns in the program.

Ms. Redman indicated that the program could be promoted better, but one of the difficulties is the interns do not get paid any money and housing opportunities pose a problem. Therefore, she stated, a student "has to be pretty committed." She informed that everyone who interns really enjoys the experience.

Co-Chair Donley said that the Legislature frequently hires a lot of the former interns.

Senator Austerman said he understood that some cattle-leased land near the rocket launch facility land in his district is being transferred to the University. He wanted to clarify, on the record, if that land is part of the area the University is going to take over.

President Hamilton replied yes, land in that area had been part of the discussions, but if selected, the cattle leases would have remained in effect. He continued however, that the University is putting together a less contentious land selection, and the land in question is no longer included.

Senator Lemman stated that he has been tracking the intern program and he does not remember having an intern from the University of Alaska Anchorage (UAA) campus. He commented that an effort should be made to publicize the internships more.

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Senator Lemman asked if there are any commendations or distinctions that the University has earned in any regional or national forum.

President Hamilton informed that the rifle team placed second this year and had won the three prior national championships. He shared that the team would have come in first this year if a minor technicality had not occurred. He continued that the team was so good that "literally they could have divided the team in two and come in first and second." He commented the team has a composite GPA of 3.8.

Senator Austerman commented that although there is no salary given to interns, there is a small stipend.

Ms. Redman replied that is true but that it is very low. She detailed the traditional intern applicant as someone young, single, and with limited housing needs, which she said is not the demographic profile of the majority of the University's students. She continued that the teachers in the program are concerned about how to make the internships "more attractive" to a wider number of students.

Co-Chair Donley stated that he thought it should be the responsibility of the Legislature and not the University, to promote the Legislative internship program.

Ms. Redman informed that the University also receives "dozens of requests" for interns from other agencies, giving more opportunities for internships than students "who are able to take advantage" of them.

Co-Chair Donley clarified there are seven University interns this year serving sixty Legislators.

Senator Wilken commented on the striking difference in the University's budget this year compared to the first year that he saw it, and he wanted to voice his appreciation for the hard work.

Senator Wilken offered background information regarding the agreement from two years ago to roll the expenditures for the Chukchi Campus (page 64) out of the Department of Education's budget and into other budgets including the University of Alaska. He commented that he wants the University to be aware of how this absorption impacts them. He continued that the University should have a copy of that agreement and if they have any questions to please confer with him.

Senator Wilken, referring to page ninety-three in the Capital Budget, asked the Committee members to note the \$5 million request for the Court House facility in Fairbanks. He continued that he and other members had been told that building is in "horrible condition" and needs to be "demolished." He voiced his concern about making a "silk purse out of a sow's ear." He wanted to bring this to the attention of the Committee so it could be discussed further when the Committee addresses the Capital Budget.

Co-Chair Donley clarified there has been a budget analyst from the University of Alaska available via teleconference during the University's presentation.

#### **ADJOURNMENT**

Co-Chair Dave Donley adjourned the meeting at 10:49 AM