

MINUTES
JOINT MEETING
SENATE FINANCE COMMITTEE
HOUSE FINANCE COMMITTEE
March 04, 2003
9:01 AM

TAPES

SFC-03 # 14, Side A
SFC 03 # 14, Side B

CALL TO ORDER

Co-Chair Lyda Green convened the meeting at approximately 9:01 AM.

PRESENT

Senator Lyda Green, Co-Chair
Senator Gary Wilken, Co-Chair
Senator Con Bunde, Vice-Chair
Senator Ben Stevens
Senator Donny Olson
Senator Robin Taylor
Senator Lyman Hoffman
Representative Bill Williams, Co-Chair
Representative Kevin Meyer, Vice-Chair
Representative Mike Chenault
Representative Mike Hawker
Representative Eric Croft
Representative Reggie Joule
Representative Richard Foster

Also Attending: SENATOR GENE THERRIAULT; SENATOR GARY STEVENS;
SENATOR TOM WAGNER; REPRESENTATIVE NANCY DALSTROM; REPRESENTATIVE
DAVID GUTTENBERG; REPRESENTATIVE SHARON CISSNA; MARK HAMILTON,
President, University of Alaska.

Attending via Teleconference: There were no teleconference
participants.

SUMMARY INFORMATION

State of our University
Presentation by President Mark Hamilton

MARK HAMILTON, President University of Alaska presented the following speech [Note: name spellings are not verified].

Five years ago, I came before this body and told them a story, and it wasn't a good story. University facilities were in need of major repair, we'd lost a third of the student body and the tuition that they contributed. We had reductions in faculty and staff, resulting in a loss of classes, of services, and of stature. There was nothing the University could do to increase its own contribution to the budget. We couldn't even keep up with inflation in light of flat funding by the State.

I brought you a simple plan. I said first, we need to build the talent pool with trained Alaskans. We began the Alaska Scholars Program. That program now has more than 1,100 students from the top ten percent of our high schools' graduating classes. It's working.

We went to work in workforce development. With your help and our reallocation, we've invested nearly \$6 million over the last three years in vocation and workforce directed programs aimed at keeping Alaskans in Alaskan jobs.

I'll give you a quote from Mike Powers, the head of Fairbanks Memorial Hospital. He said, "This Spring we graduate our first class of two-year RNs. It's a remarkable success story. These are bright committed engaged local employees, all of whom own houses and are part of the Fairbanks community. We've reduced our vacancy rate by 25 percent. Last holiday season, last December, we had 76 open shifts because we couldn't fill them with RNs. This season, we had zero. And for that I want to say I'm proud to be a partner with the University and I'm willing to speak on behalf of the Hospital putting up \$100,000 for the next three years to continue to strategically address this lack of force."

We're going to double our production of nurses by 2006, going from 110 to 220. It's more economical for the industry and it results in the employees being part of the community.

Enrollment this year is up 9.6 percent. There is no demographic explanation. This is reputation.

Let me quote from Jennifer Lesh, UA Junior in Communications, a UA scholar, a UA honor student and our Student Legislative Affairs Coordinator. She said, "After being raised in Alaska,

I like most Alaskan students, left the State in search of a great adventure. I've returned to attend school at the University of Alaska-Southeast in Juneau. I feel that I have a stronger community here and I know I'm getting a better education here than I ever would somewhere else." She's right.

Retention rates have increased significantly. Compared to three years ago, there are 35 percent more students enrolled in the spring semester of their sophomore year, which is where we take our measurement on retention. Thirty-five percent more in three years.

Attendance by the top ten percent of high school graduates is up 350 percent since that discussion we had five years ago. More are coming. More are staying. It's working.

We told you we will build programs to be responsive to state needs. Working with industry coalitions in health, transportation, information technology, process industry, fisheries and construction, we've developed programs for industry training. We've expended the ATAP funding for vocational workforce training and programs identified by the State Department of Labor and Workforce Development as the highest demand occupations.

Recently Commonwealth North, an Anchorage based private sector organization, published a report on the University of Alaska titling their report, "the University of Alaska: A Key to Alaska's Future, A Time for All to Invest." The report is a strong statement on the important roll of the University and how it might play that in Alaska's social, economic and cultural development. The Commonwealth North Group made many recommendations for improving, enhancing; and you will find that they are consistent with what this body has given me as directions over the last five years.

In terms of workforce development, let me quote from Leo von Scheben, CEO of USKH Engineers. He said, "I've gone back to school to improve the strategic look of the company." (He's back for a master's degree.) "Our biggest challenge has been in the HR area, organizational development and corporate finance. My participation on the master's program [has] inspired others to follow my lead. USKH encourages its employees to continue their education, and along with paying for continuing education, we also offer our employees a \$10,000 bonus if they complete their master's degree. Bringing the University of Alaska into my firm, has been good

business."

Now Leo's been involved in that business for more than 30 years now. I'll give you someone who's just started one, Ginger Stock, Web Weavers. "The University of Alaska's benefit to the business community is multi-faceted. As a UAF grad, I received a fantastic yet affordable education. This has given me the power to accomplish many things, including the ability to start a successful technology business and the ability to hire more graduates from within the UA system, who are qualified and talented." The University of Alaska is good business. It's working.

I told you we'd establish partnership with schools. In collaboration with the State school board, we rebuilt the teacher education program to require discipline-based degree for all secondary teachers, including extensive internships.

We've expanded opportunities for high school students to take concurrent courses, tech prep and advanced placement courses at the University campuses in their community.

I'll give you a quote from Gerald Andrews, Training Director of Operating Engineers, "Since implementation of the tech prep partnerships between the University and local high schools, many have benefited. Not only individuals are directly benefited, we see the State benefit when skilled employees fortify their employers' workforce. This is truly a system for lifelong learning." He describes new programs at UAF, at Tanana Valley College in welding and diesel, at UAA, auto diesel an apprenticeship, in Mat-Su Borough in auto welding, construction and school-to-apprenticeship programs.

Doug Ward, Alaska Ship and Dry Dock in Ketchikan, "Our partnership with the University of Alaska is essential to the development of skilled shipyard workforce in Alaska. Working together, we're developing a workforce structure that meets our needs and national skill standards."

I think Carl Hurford from MTA just about sums it up. He said, "I've taught, I've hired students, and I sent employees to UA. It's been a valuable partnership." It's working.

We said we'd establish a solid foundation within the University again with the hiring of faculty because everything starts with faculty. The hiring of staff, fixing of deferred maintenance, construction of instructional facilities, library

expansions, Brooks Building renovation, Fairbanks Courthouse, UAS classroom addition, Hutchinson Career Center, University Center.

And finally, Proposition C: thank you for drafting that. That approval by the voters of Alaska has enabled us to fund maintenance and renovation projects in Bethel, Nome, Kotzebue, Ketchikan, Sitka, Palmer, Kenai, Dillingham, Kodiak, Homer, Valdez, Anchorage, Fairbanks and Juneau. It's working.

We told you we'd build programs of distinction. We now have "presidents professors" Thomas Moore, environment and mathematics, Gordon Cruise, fisheries and oceanography, Buck Sharpton in remote sensing. This spring at UAA, we'll have Dr. Vernon Smith. He's this year's Nobel Prize winner in economics. And as I promised you last year, we've hired Dr. Craig Doorman as DP research, prior director of Woods Hole. Karen Max, Research Biologist at ABR, graduated the UAF in 1996. In discussing the University's research role, we provide environmental consulting services [to] those who develop and manage Alaska's natural resources, including oil and gas, mining, timber, military, State and federal agencies and Native corporations.

A firm was established by two UAF graduates and currently employs 26 full time professional level scientists. Twenty of these scientists have at least one degree from UAF.

And finally in the area of research, GCI has made a gift to the University of bandwidth in the form of access to OC3 connectivity. This gift would retail for about \$4.5 million a year.

Finally, I said we would diversify our funding base so that we were less dependent on State funds. Since 1999, private contributions and scholarships have gone up 77 percent. Contributions to the foundation, which in the four years prior to my talking to you averaged \$6 million a year, have averaged in the five years hence, \$16 million a year. We're looking for land, State and federal, and we continue to seek opportunities to pass a bill in those areas. Our current land grant now generates about \$2 to \$2.5 million, all of which and more is consumed by the scholars program.

Federal funds are up 100 percent in the last five years. Tuition revenues up 20 percent. This year, out of \$35 million request, the University can pick up \$22 million. Ten years

ago, the State paid 60 cents on the dollar of University needs. Today they pay 40 cents with the University picking up 60 cents on the dollar. It's working.

So that was the plan and those are the results thus far. Some of you should be very proud. Some of you in this room were here to listen to that plan: now Senators Bunde and Therriault, as well as Senators Wilken and Green, as well as Representatives Williams, Foster and Moses. As though you needed another reason at that time, oil was \$9 a barrel. But you took a chance. You took a gamble or a bet and you invested in the University. What you're seeing today is a result of that foresight and a result of that gutsy call. There are a dozen opinions on how to improve our State's economy, but only 60 votes count. And in 1999, a majority of those votes said let's go forward. You alone are responsible for the remarkable progress of your University.

Let's take a look at the FY 2000 [FY 04] budget. The University is seeking a modest general fund increase this year. It's less than we have requested during my tenure. Some of those reasons have already been covered: the University is able to generate a larger share of its own general fund support. This year we'll fund nearly 60 percent with asking the State for 41. We only ask for what we can effectively accomplish. As I've told you in the past, if I can't spend it responsibly, I won't ask for it. Budget request is presented in two major categories: there's salary maintenance and fixed cost, and there's program enhancement.

The University will fund 48 percent of the total salary maintenance and fixed cost with non-general fund revenue. That is compared with the ability to fund only 20 percent of it in FY 00. In our salary request, non-general funds support has grown from 13 percent in [FY] 00 to 35 percent today. The general fund request for meeting State needs represents only \$3.5 million in general funds but it will leverage nearly \$13 million in additional non-general fund receipts. Funding in this category, for example is \$500 toward our doubling of our nurses. That's matched by \$1.1 million from industry. Funding for enhancing student services, including establishment of a portal to deliver most student services via the Web. And expansion of research capacity, including biomedical programs at UAA and resource related research at UAF, all of which will generate about \$7 million in non-general funds.

In the capital budget side, and I know we'll have an

opportunity to come back to you regarding the capital, let me just briefly touch on this piece. Our request includes \$42 million of GF and \$108 million in receipt authority. Projects funded through general funds include maintenance, repair, renovation, instructional equipment and additionally \$2 million for TVC courthouse, \$9 million for Lena Point, \$3.4 million for Phase II of the University Center. And we'll come back next year with a plan for new science facilities that receive funding for phase I through the bond proposition. We understand we're going to need on-going funding to maintain our building infrastructure.

So it's working and it's time.

[The year] 2009 is where we've set the University's next strategic goal. 2009 will be the 50th anniversary of statehood, the golden anniversary. At the University, we think it's time for the gold rush. But this time, less rush more gold. Less rush: we've got 2,000 days, that's about as long as it took to execute the Apollo moon landing project. It's more time than it took to build the pipeline. It's more time than it took to prosecute World War II. 2,000 days, plenty of time. We think there's more gold, that that's a fitting metaphor for the richness of Alaska.

Our governor has committed his Administration's effort to development in all areas: oil and gas and tourism, business and industry, fisheries and mining. With that sort of leadership, it's incumbent on the University to develop even better coordination between business, science, and engineering schools and the community. The University was charged with exactly that mission by the task force directed by this body - SJR 44 - to look at research and the research agenda in Alaska. This was a farsighted tasking. It directs the University to align its research priorities with the needs of the State. And by this we will continue to discover the gaps in applied research that will enable us to have the best chance to move Alaska toward its golden future.

That future will be built by building the talent pool, by establishing a solid foundation, by discovering our enterprises of distinction and by broadening our funding base.

If that sounds familiar, that's exactly the plan I brought you five years ago for your University. It will work. But some things must change. Dependency on the federal government must lessen and must consider sustainability. Dependence on

"earmarks" must lessen. Need that encouragement to develop, in terms of eliminating regulatory hurdles and increasing financial incentives. And frankly, selfishness must decrease. We citizens must ask "What are we willing to give up to build a golden Alaska?" I'm easy. I have three children, two of which are graduates of the University and two grandchildren here in the State. You can do anything you need to to make their future as exciting as the one I felt when I first saw this great State for the first time in 1988.

Now individually, I know you have to make your own choices, but as a community, as a State, I wish we'd stop talking about the graying workforce and stop talking about retirement. All of us are needed to go forward to 2009.

Your University's are much more than training for jobs, although we do that very well. We take seriously our responsibility to provide our students with a quality education that serves as a foundation for all of their responsibilities as community members and leaders. As a reminder of that, I'm going to end with experts from a poem about an old king talking to his old crew about one last voyage. You will recognize Alfred Lord Tennyson's Ulysses.

The lights begin to twinkle from the rocks:
The long day wanes: the slow moon climbs: the deep
Moans round with many voices.
Come, my friends,
'Tis not too late to seek a newer world.

...

Tho' much is taken, much abides; and tho'
We are not now that strength which in old days
Moved earth and heaven; that which we are, we are;
One equal temper of heroic hearts,
Made weak by time and fate, but strong in will
To strive, to seek, to find, and not to yield.

North to the Future.

Senator Hoffman requested the President's address of the following legislative session contain updates of the status of rural campuses, as the President has asserted these campuses are an integral part of the University system. Senator Hoffman also requested information on the record of success of rural campuses, and whether progress is occurring as rapidly as with the main

campuses. He specifically requested the status of retention at these campuses, stating the goal should establish retention rates similar to the main campuses. He asserted that the University must provide higher education and standards for all areas of the State not just main campuses. He noted he has requested this information every year and would like the President's address to include the topic of rural campuses.

President Hamilton acknowledged that Senator Hoffman has asked these questions each year. President Hamilton replied that in FY 03, 13 percent of total enrollment is Alaska Natives, which represents almost a 1,000-student increase since 1999. While the student body as a whole has increased 7.7 percent, he noted the number of students reporting themselves as Alaska Natives has increased 27 percent, almost four times the total amount. He furthered that 19 percent of participants in the Alaska Scholars program report themselves as Alaska Native. He spoke of difficulty in accounting the retention rate based on ethnicity, although he understood Alaska Natives "have not faired as well" as the total student population in retention rates. He stated that retention at rural campuses is also difficult to achieve because, "typically" individuals attend "episodically". He asserted that students would attest to whether the University "has a good product", and cited the 27 percent enrollment increase in the number of Alaska Natives.

SENATOR GARY STEVENS asked how K-12 students are being prepared for higher education.

President Hamilton spoke of two measurements, the first being the statistic that 40 percent of students entering college take a remedial course. He stated this is the same for University of Alaska students. However, he noted that Alaskan college students take between one and one half years and two years of remedial courses. He commented that "a lot can be done in that time". He posed the question as to whether the University should undertake the roll of providing extensive remedial education and surmised that the policy is to meet the educational needs of Alaskans. He asserted that the averages could "soar" if the University admitted only qualified students, and that retention and graduation rates would also increase.

President Hamilton relayed the instance in the first year of the Alaska Scholars Program in which eight students from the Bethel area attended the University, but all failed out after the first semester. He expressed that rather than accepting their failures, he offered to let these students attend classes at rural campuses and retain their scholarships. He reported that three of those

students obtained associates degrees in three years. He asserted, "You can fix it-there's no doubt" although he qualified it is difficult and expensive. He admitted that it would be preferable if high school graduates entered the University prepared for college level courses. However, he remarked, "you have charged me with 'meet them where they are, teach them til they get what they want."

Representative Williams asked if the proposed University budget includes funds for salary increases that might be negotiated as bargaining unit contracts are renewed.

President Hamilton affirmed that a "modest" increase "in keeping with the existing collective bargaining agreement" is included.

Senator Bunde supported the open admissions policy, as it is "right for Alaska". He mentioned \$20 million in relation to the high school qualifying examinations.

President Hamilton stated he would research the matter.

Senator Bunde commented on students' concern about the cost of tuition. He asked the percentage Alaska students are contributing to the actual cost of their education, and a comparison to other universities.

President Hamilton estimated that University of Alaska tuition covers 40 percent of instruction, compared to 60 percent nationally. He stated that the University of Alaska is increasing tuition costs, commenting that five years prior tuition was not increased because "we had nothing to offer."

Senator Bunde asked the percentage of Alaska high school graduates continuing to college compared to the national average. He also wanted to know the percentage of Alaskans who attend college obtain a degree.

President Hamilton answered that Alaska, with 40 percent of high school graduates who attend college, is second only to the State of Nevada. He noted the high salaries paid in the gaming industry as the reason many Nevada high school graduates do not obtain college educations. He did not have statistics of the percentage of degrees earned. He cautioned that any such statistics would be "grossly skewed" due to the number of students attending community colleges and because the entire University has open admissions. He stated this information would be beneficial but should not be used for comparison against other universities.

Representative Meyer asked the percentage of alumni contribution compared to other colleges.

President Hamilton replied that alumni contributions are greatly improving but are "not fabulous as yet". He qualified that within the last 18 months, the University hired development officers utilizing a grant from the Rasmussen foundation although before this, the University had no formal method for soliciting contributions. He informed that when he began serving as the University president, the University Foundation received approximately \$6 million annually in contributions, and in the five years since, has received \$16 million. He pointed out the majority of these funds were from public institutions. He compared the national average of 12 percent of college alumni contributions to four percent for University of Alaska alumni.

Co-Chair Green told of efforts in the Mat-Su to establish a program to provide needed nursing training and that two institutions in the area are looking outside of the State for assistance. She preferred an expansion at the local University campus to incorporate such a program.

Co-Chair Green then spoke of a "drive afoot" in some election districts to improve vocational technical programs at the high school and college levels. She opined this is successful at some University campuses and asked if the witness envisions expanding the program statewide. If so, she wanted to know if the programs should receive partial funding from the local campuses.

President Hamilton reminded that the Legislature is "the limiting factor." He explained that the number of industries that want the University to be involved in providing workforce training far exceeds the University's capacity to do so. He detailed the process in determining the highest demands utilizing Department of Labor and Workforce Development statistics coupled with industries' willingness to contribute. He also pointed out the cost to educate a nurse is three and one-half times the amount required to graduate an anthropologist. He stressed the importance to health care to provide trained nurses but qualified that the use of funds for this purpose disproportionately eliminates funding for other programs. He noted that community contribution has made the nursing training more possible and he supported continued efforts.

Senator Taylor asserted that several communities provide financial support for the rural campuses located in the area. He listed Ketchikan, Sitka and Kodiak as providing over 30 percent of the operating expenses of the local campuses. He asked the percentage

contributed by the communities of Juneau, Anchorage and Fairbanks for the respective campuses in these towns.

President Hamilton answered the three communities currently contribute no funds for this purpose.

Senator Taylor suggested a portion of the requested budget increase could be provided from these communities.

President Hamilton understood the premise and informed that he has studied the matter of consolidating the four-year university system with the community college programs. He commented that this consolidation is a financially "wise decision". However, he opined that a consequence was the loss of "community" in the community campuses, which is partially reflected in the higher tuition costs for community college courses. He qualified that tuition is lower than the national average, but higher at the rural campuses than at the three main campuses. He informed that tuition costs at rural campuses are not even higher because of community contributions.

Senator Bunde noted that the per-student expense at some rural campuses is \$50,000, while the cost at the University of Alaska-Anchorage is approximately \$15,000 per student. He expressed that greater community support should be provided.

President Hamilton agreed that some campuses do incur higher expenses. However, he stressed that all community campuses except University of Alaska-Fairbanks, Anchorage and Juneau, receive one-eighth of the University budget, comprise one-quarter of student credit hours and one-third of the University's "head count". He furthered these rural campuses provide 100 percent of the postsecondary educational opportunities. He remarked that the rural campuses are "a wonderful investment" and asserted that no benefit would result from identifying campuses with the highest per student expense.

Senator Olson referenced the health care delivery system and the nursing shortage that exists statewide and nationwide. He expressed concern that the Native health corporation in his district attempted to establish a nursing training program but was unable to secure a commitment from the University of Alaska for assistance before the year 2007. As a result, he informed that the corporation contracted with an educational institution in the State of Utah to address the shortfall in the meantime. He asked the mechanisms undertaken by the University of Alaska to prevent the need for out-of-state procurement.

President Hamilton commented that the nursing issue utilizes as much of his time and attention as any other issue in the State. He stressed that the University is acting as quickly as possible in offering nursing training programs in communities outside of Anchorage. He emphasized the limited number of qualified instructors and available certified clinical experiences. He explained that all students must undertake their clinical training in Anchorage, as this is the only city in Alaska with the ability to provide these experiences.

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President Hamilton expounded that a summer nursing training program was instituted at the University of Alaska-Anchorage for the first time because of competition for the clinical experiences. He asserted that this problem could not be solved with money alone, or he would have requested additional funding for this purpose. He understood the legislators' frustration.

Co-Chair Wilken recalled one of the five "verticals" the witness posed to the Committee in his first presentation five years prior was intent to produce more teachers for Alaska's K-12 school system. Co-Chair Wilken remarked that this need is apparent daily. He referenced other committee hearings regarding appointees to the University of Alaska Board of Regents, noting Cynthia Henry is one appointee. He informed that Ms. Henry "brings to the Regents a breath of experience and knowledge in regard to K-12 that has probably never been on the Regents before. She's a teacher; she's an involved parent; six years elected to the school board; is now on the [Fairbanks North Star] Borough assembly, and now will be a Regent." He related that he requested Ms. Henry to serve as "the K-12 liaison" with the Regents to assist the University to "fill this critical need that's going to become more and more evident as more and more accountability is heaped upon the K-12 community." He requested President Hamilton utilize Ms. Henry's expertise to improve the number and quality of K-12 teachers graduating from the University of Alaska.

President Hamilton assured he would.

Senator Bunde furthered the shortage of qualified teachers and nurses should be focused upon. He requested a comparison of academic scholarships to athletic scholarships and the graduation rates of both. He indicated that a majority of members of the University hockey teams are from Canada.

President Hamilton answered he would provide this information. He commented, "I think you're going to be surprised. ...If there's going to be an insinuation in that somehow the hockey team or Canadians are dumb, I think that you'll discover ... [the] grade point average on our teams are much higher than the student body." He qualified that he would expect students receiving academic scholarships to graduate at a higher rate, and pointed out this is the case, as the graduation rate of this group is 70 percent. He emphasized, "Excellent programs reach that kind of level." He spoke of Alaska Native students participating in a science and engineering program at the University of Alaska-Anchorage "retain at 70-some percent."

Senator Bunde clarified that he did not infer that athletes are unintelligent, but rather his point pertained to athletes who "play out their eligibility" then withdraw from the University.

President Hamilton agreed, "That's probably so."

Senator G. Stevens stressed the importance of consistency across the University system. He asked if similar graduation requirements apply to each campus.

President Hamilton spoke to a "long lasting urban legend" that credits are not transferable between University of Alaska campuses. He corrected, "Any credit earned in the University of Alaska system is transferable to any other unit of the University of Alaska system." He emphasized that requirements for each degree program differ and that some courses do not meet the requirement for certain degrees. He gave examples of "English for engineers" and "math for poets" that would not apply to other degree programs, although the credits would be transferable.

Senator G. Stevens countered that in 1975 a Speech 111 course taken at the Kodiak Community College was not transferable to the University of Alaska-Fairbanks. He stressed that if the University system is "one university" the course should transfer regardless of the degree program.

President Hamilton assured that such a course is currently transferable.

REPRESENTATIVE SHARON CISSNA expressed a need for advanced degrees at the Anchorage campus in the health care field.

President Hamilton told of efforts to offer joint doctorate degrees in conjunction with the University of Alaska-Fairbanks. However he

expressed that the Anchorage campus would not become a PhD granting institution, as the Fairbanks campus is adequate for a state with a population of 600,000. He remarked that the demand for doctorate degrees is minimal in comparison to the demand for other programs in the curriculum.

Senator Taylor pointed out the listing of new capital projects includes \$9,585,000 scheduled for a fisheries and ocean science facility in Juneau. He asserted that he has been lobbying for such facility to be constructed in Sitka or Ketchikan and that both communities would contribute over 30 percent of the operating expenses. He challenged that before the capital funds for a Juneau facility are appropriated, the City and Borough of Juneau should contribute. He recommended this project should be open to bidding by all three communities.

Co-Chair Wilken referenced the aforementioned handout, noting the Legislature has increased the general fund appropriation to the University by \$55 million, or 24.5 percent, since FY 99. He furthered that President Hamilton has utilized that \$55 million and to leverage \$193 million from other sources as promised. Co-Chair Wilken asserted, "That's economic development" and he thanked President Hamilton.

Senator Hoffman referenced 17 goals listed in the handout, and pointed out that none directly relate to rural campuses nor provide accountability of efforts to support the rural campuses. He expressed his primary interest in graduating students who attend rural campuses. He also wanted accounting of the number of Alaska Native students who attend the urban campuses and graduate compared to non-Native students. He acknowledged that the statistics provided by the University are favorable; however in speaking with Native students he has surmised that rural students are "being left behind." He asserted this much change and it must be ensured that all Alaskans are benefiting from the expansion of the University system.

Representative Croft reaffirmed Co-Chair Wilken's comments and opined, "It's an impressive record and I hope we can keep the momentum going." He expressed concern over the difficulty in providing funding increases in addition to amounts proposed in the governor's budget request. He asked the commitment President Hamilton has received from Governor Frank Murkowski with regard to funding for the University.

President Hamilton referenced the Governor's campaign commitment to increased funding for the University of Alaska a minimum of five

percent over his four-year term of office. President Hamilton informed this commitment was a result of a discussion whereby candidate Murkowski asked the absolute minimum amount the University would require to "move forward". President Hamilton relayed his response was one-percent above the higher education price index, which calculates to approximately five percent annually.

Representative Croft asked if this increase is reflected in the University's proposed budget detailed in the handout.

President Hamilton answered is it not, as this budget was prepared before a new governor was elected. He remarked, "I made the budget based on the needs of the State and how much we could pay and how much we could successfully execute." He furthered that the budget "represents a reality, not a number".

Representative Croft pointed out the proposed budget contains a six to seven percent increase.

President Hamilton asserted, "The momentum killer is to not to give the University some sort of real growth numbers." He reminded that no funding increases were provided for ten years and consequences resulted.

Co-Chair Green commented that as finance committee members "we must view everything across the table and across the board and try to do the right thing for all parties in turn."

ADJOURNMENT

Co-Chair Lyda Green adjourned the meeting at 10:07 AM