

ALASKA STATE LEGISLATURE
SENATE SPECIAL COMMITTEE ON UNIVERSITY OVERSIGHT

March 21, 2006

5:05 p.m.

MEMBERS PRESENT

Senator Gary Stevens, Chair
Senator Con Bunde
Senator Thomas Wagoner

MEMBERS ABSENT

Senator Ralph Seekins, Vice Chair
Senator Ben Stevens
Senator Lyman Hoffman
Senator Kim Elton

COMMITTEE CALENDAR

Alaska Higher Education and the Future

PREVIOUS COMMITTEE ACTION

See minutes from 2/7/06, 2/28/06 and 3/20/06 SUOV meetings

WITNESS REGISTER

Julie Bell, Education Program Director
National Conference of State Legislatures (NCSL)
7700 East First Place
Denver, CO 80230

POSITION STATEMENT: Introduced David Longanecker

David Longanecker, Executive Director
Western Interstate Commission for Higher Education
Denver, CO

POSITION STATEMENT: Delivered PowerPoint presentation

Wendy Redman, Vice President
University Relations
University of Alaska
P.O. Box 755000
Fairbanks, AK 99775

POSITION STATEMENT: Discussion participant

ACTION NARRATIVE

CHAIR GARY STEVENS called the Senate Special Committee On University Oversight meeting to order at [5:05:31 PM](#).

Alaska Higher Education and the Future

CHAIR GARY STEVENS asked Ms. Bell to proceed.

[5:05:45 PM](#)

JULIE BELL, introduced Mr. Longanecker.

[5:07:56 PM](#)

DAVID LONGANECKER, Executive Director of the Western Interstate Commission for Higher Education, (WICHE) delivered the following PowerPoint presentation titled "Alaska Higher Education and the Future: The Imperfect Storm."

[5:09:09 PM](#)

Slide:

Alaska's Unique Story: The Imperfect Storm

The Confluence of Three Waves (Not Huge But Significant)
Uncertain Demand for Higher Education
The Change in Who You Are Serving
Constrained Finances (or not)

Slide:

The First Wave - Uncertain Demand

- Countervailing demographic forces
- Stable recent enrollments despite substantial increases in likely population

Slide:

What's pushing the wave?

1. Simple Demographics

- Projected 10 percent increase in college age population (2005-2015)
- Projected 10 percent decrease in high school graduates (2006-2016)
- Contrasted with a 25 percent increase in high-school graduates (1996-2006)

- Even greater increase in initial college participation (33 percent increase in freshman between 1996 and 2002, and more since)
- But slight decline (5 percent) in total enrollment from 1993 to 2003

[5:11:35 PM](#)

SENATOR BUNDE asked for the source of the demographics.

MR. LONGANECKER responded the first numbers relating to the projected population growth in Alaska over the next decade came from the Census and the numbers on high school graduates came from WICHE projections, which were updated two years ago.

SENATOR BUNDE said the Department of Labor has projected that in the next ten years the broadest part of the Alaskan population will be the very young and the very old. The 30-50 year age range will represent the smallest population. He observed that if WICHE were to figure in that information it might add "some imperfection to our storm."

Senator Gary Wilken joined the meeting at [5:13:08 PM](#).

MR. LONGANECKER continued the presentation.

Slide:

2. Policy Goal - Greater post-secondary participation

- But high school completion going down (Measuring Up 2004: B- on Preparation - down from a B+)
 - Alaska - 77 percent* (down from 81 percent in 1990)
 - U.S. - 75 percent*
- *18-24 year olds with high-school degrees from U.S. census

SENATOR BUNDE offered the explanation that during the 1990s "empty diplomas" were given and now students must demonstrate a certain level of proficiency to receive a diploma.

MR. LONGANECKER noted that Alaska had one of the sharpest declines in the nation.

Slide:

Policy Goal - Greater post-secondary participation

- Increasing share going on to college (Measuring Up: C on Participation; up from a D+ in 2002)
 - Alaska - 47 percent (up from 40 percent in 1992)
 - WICHE West - 50 percent
 - U.S. - 59 percent

Slide:

3. Policy Goal - Lousy success in completing college (Measuring Up: F on Completion)

- Associate degree production (per 100 high school graduates)
 - Alaska - 13
 - WICHE West - 23
 - U.S. - 19
- Baccalaureate degree production (per 100 high school graduates)
 - Alaska - 21
 - WICHE West - 44
 - U.S. - 48

[5:16:24 PM](#)

CHAIR GARY STEVENS explained that the fact that UA has open admissions is often used as a justification for poor college completion rates and it'd be interesting to compare it with other colleges that have open admissions.

MR. LONGANECKER said that might be an explanation for the baccalaureate degree completion rate, but it wouldn't logically apply to the associate degree category.

He continued with the presentation.

Slide:

Why is This Important?

- World leaders in higher education attainment:
 - Canada, Finland, Ireland, Japan, Korea.
- Second Tier:
 - U.S., Australia, Belgium, France, Norway, Spain, Sweden, U.K.

Declining participation in postsecondary

[5:18:59 PM](#)

Slide:

The Second Wave - Those we serve will be harder to serve

An increasing share of higher education's population is coming from communities that higher education traditionally has not served well.

- Communities of color will supply 44 percent of Alaska's high school graduates by 2015-2016 (up for 38 percent today)
- Both white, non-Hispanic and American Indian/Alaska Native high school graduates will decline (21 percent and 8 percent, respectively)

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Slide:

Historic success, or lack thereof, of low-income students in higher education

- In the U.S.: Participation dropped from 27.5 to 23.1 percent (1999-2001)

CHAIR GARY STEVENS mentioned the purchasing power of Pell Grants.

MR. LONGANECKER acknowledged the Pell Grant issue and noted that another reason is that the military is recruiting aggressively. It's disturbing, he said, that you're more likely to go to college if you're rich and not very smart than if you're poor and very smart.

He continued the presentation.

Slide:

The Third Wave - Limited Resources (or not)

- Alaska provided 9.8 percent of state appropriations for higher education in FY 2005
- The good news: That 9.8 percent is much more than 6.9 percent provided by Alaska in 1995

- The rest of story: The 9.8 percent is still less than the 12 percent WICHE average or the 10.8 percent national average

[5:26:36 PM](#)

Slide:

The Net Effect on Institutional Resources

- Above national average in total resources by institution type
- Function of the Alaska cost dilemma - It simply costs more to do business in Alaska
 - Lack of economies of scale
 - Above average tuition levels (a bit more for two-year students; average for four-year students)
 - More state support, on average
 - A larger share of overall budget to research (again, function of economies of scale)

Slide:

The Net Effect on Students

- The good news:
 - On average, affordable price
 - Reasonable tuition
 - Low price compared to income
 - Family income needed for college (NCHEMS)
 - 4 years AK 21 percent, U.S. 29 percent
 - 2 years: AK 20 percent, U.S. 22 percent
- The bad news: Financial Aid
 - Excellent loan program for middle-income
 - Awfully modest need-based financial aid

[5:30:14 PM](#)

Slide:

State Support for Financial Aid

- State need-grant aid per FTE student (2003-2004)
 - Alaska: \$0
 - WICHE: \$324

- U.S.: \$417
- Washington: \$505

- The news
 - 2005-2006: \$625,000 through ACPE
 - 2006-2007: Government's initiative to transfer \$20 million will provide another \$1 million annually

[5:32:10 PM](#)

Slide:

The Future: Projected Structural Deficits for Everyone

The chart shows the state and local surplus or shortfall as a percent of baseline revenues.

MR. LONGANECKER explained that this is the demand for services given current funding levels and revenue streams. Alaska is on the national average on this parameter. However, because of the changes in gas and oil revenues and what could happen in the future, it's difficult to predict what Alaska's financial circumstances will be in the future.

[5:33:40 PM](#)

SENATOR BUNDE mentioned data from the previous day indicating that Wyoming funds higher education at a high rate.

MR. LONGANECKER clarified that the slide relates to state budgets and not higher education funding. He agreed that Wyoming has been generous and creative in their funding and he suspects that many of the ideas came from Alaska.

[5:35:11 PM](#)

Slide:

The Makings for the Imperfect Storm

- Uncertain demand - 10 percent increase to 10 percent decline

- 10 percent increase in college age population

- Limited resources (or not) -- potential 5 percent structural deficit -- but gas and oil may save the day

[5:36:14 PM](#)

Slide:

Weathering This Imperfect Storm

- Maintain the status quo
 - Lose ground on economic development
 - Lose ground on quality of life

- Tackle the gnarly task - policies in synch
 - Economically competitive
 - High quality of life
 - Socially equitable
 - But not without sacrifice
 - No silver bullets - you get what you pay for

[5:38:46 PM](#)

CHAIR GARY STEVENS mentioned that tuition is now the same or nearly the same on all UA campuses and that more students are entering the university system now, but fewer adults are attending. He said those points deserve further discussion.

WENDY REDMAN, Vice President of University Relations for the University of Alaska, said she could provide updated enrollment information. In the last six years the overall enrollment for UA is up 17 percent and first time freshmen enrollment is up 45 percent. She said that the data doesn't reflect that in Alaska Native high school graduation rates are improving.

SENATOR WAGONER noted that the UA open admissions policy is different than other structures. He asked Mr. Longanecker for his opinion on whether that would have drawbacks or allow the university to grow into a more quality institution.

MR. LONGANECKER expressed the view that outcomes are a better judge than inputs and that that you could have a quality system as an open admissions system. In fact, he said, it would be difficult not to have open admissions in Alaska and still have broad access. There are tradeoffs, but you don't have to have selective admissions to make it work, he said.

SENATOR WAGONER responded his point is that with true open admissions the only classes that students can't enroll in at

registration are those with prerequisites. In maintaining that policy the university might be wasting instructional funds.54903

MR. LONGANECKER said the advantage of a combined system is that community colleges are funded better that way.

CHAIR GARY STEVENS acknowledged that the goal is to get more college graduates, but that he doesn't feel bad that students take courses and don't always receive a degree.

MR. LONGANECKER agreed that some students attend college for purposes other than attaining a degree and there's nothing wrong with that. The unfortunate thing is that some students aren't well served and so they don't benefit very much from the education.

MS. REDMAN reported that the university is using Accuplacement and other programs to more accurately place students in classes for which they are prepared. She acknowledged that she has a bias for the community college system, but a difficulty associated with a combined system is that community college programs tend to lack status. She noted that it's been advantageous that President Hamilton values workforce training.

She said her last point related to polling. When the Anchorage campus followed-up on students who dropped out of a degree program or just a particular course, the overwhelming response was that the student got what they came for. She acknowledged that dropout rate is an important measure and more follow-up is needed.

SENATOR GARY WILKEN said it's been a pleasure to work with President Hamilton. His leadership has really turned the university around in a short number of years and he's happy to have played a small part in that success. He told Mr. Longanecker that he found his comparisons interesting.

MR. LONGANECKER responded the difficulty with Alaska is figuring out how to make the comparisons.

CHAIR GARY STEVENS recapped the presentation and emphasized that he would like to have further discussion on need-based and merit-based scholarships.

MS. REDMAN commented that the data is interesting and one thing the university would continue to work on is degree completion. She noted that Alaska has a relatively low number of jobs that require baccalaureate degrees. That provides some explanation for the low completion data because students may need just a class or two or a

certification of some type so they didn't intend to stay to get a degree.

MR. LONGANECKER remarked that the adult student population would be an important part in the overall fabric of the university in the years to come.

MS. REDMAN added she's been alarmed at the drop in the number of older part-time students and the university is making an effort to regain those students even though faculties tend to prefer to teach at traditional times.

MR. LONGANECKER acknowledged that would take work because in Alaska there is a lack of alternatives due to a lack of population base. The system certainly isn't consumer driven as it is in Portland, for example.

CHAIR GARY STEVENS observed it's been his experience that evening and weekend class schedules are favored by students but not by teachers.

MS. REDMAN mentioned the term "swirling" and said the trend is to move from a faculty-centered curriculum to one in which the students are in control. Students are able to take courses from any number of schools that are in different locations. Sooner or later, she said, some entrepreneur will develop a system to hold students' accumulated credits so that there's a common transcript.

MR. LONGANECKER said because of population, Alaska will have to rely on clever people in the university to provide a business-smart education-rich approach for students.

CHAIR GARY STEVENS agreed it's not a good idea to ignore institutions that are offering classes in new and different ways because UA could lose its students to other systems.

MR. LONGANECKER mentioned the new exchange program between WICHE institutions that the University of Alaska, Anchorage has been active in helping to develop. Although it isn't as open as when students choose everything, it will provide broader access than is currently available.

CHAIR GARY STEVENS thanked Mr. Longanecker and Ms. Bell and adjourned the meeting at [6:12:55 PM](#).