

**ALASKA STATE LEGISLATURE**  
**SENATE SPECIAL COMMITTEE ON UNIVERSITY OVERSIGHT**

April 10, 2006

5:07 p.m.

**MEMBERS PRESENT**

Senator Gary Stevens, Chair  
Senator Ralph Seekins, Vice Chair  
Senator Thomas Wagoner  
Senator Kim Elton

**OTHER LEGISLATORS PRESENT**

Senator Gary Wilken

**MEMBERS ABSENT**

Senator Con Bunde  
Senator Ben Stevens  
Senator Lyman Hoffman

**COMMITTEE CALENDAR**

University of Alaska Presentation

**PREVIOUS COMMITTEE ACTION**

See minutes from 2/7/06, 2/28/06 3/20/06, and 3/21/06 SUOV meetings

**WITNESS REGISTER**

President Mark Hamilton  
University of Alaska  
P.O. Box 755000  
Fairbanks, AK 99775

**POSITION STATEMENT:** Delivered University of Alaska 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 [5:07:22 PM](#). Present were Senators Ralph Seekins, Thomas Wagoner, Kim Elton, and Chair Gary Stevens.

^ University of Alaska Presentation

CHAIR GARY STEVENS announced the committee would hear from President Mark Hamilton.

[5:08:26 PM](#)

MARK HAMILTON, President of the University of Alaska, said he would address issues that were raised during previous briefings. He reviewed the "Criteria for Effective Policy" slide that David Jones presented at a previous meeting and said that the State of Alaska has reason to be proud. The legislature established performance measures in 2000 and the university has been very successful in meeting those goals and showing progress across the board.

In the last eight years the policy guidance the university has received could be summed up as, "jobs, jobs, jobs, meet the workforce needs." The university has done that for teachers, nurses, allied health, engineers, and the oil and gas line workforce. There has also been direction to seek research efforts related to Alaska including fisheries, health, transportation, and economics.

Another clear policy consideration is that the university needs to discover ways to find external resources. That has been one of the greatest achievements over the long-term, he said. In 1986 the university received \$167 million from the general fund. Thirteen years later the legislature gave the university money and brought the budget back to just short of \$167 million so in nominal dollars the university went nowhere in 13 years.

When the full budget request for this year is reduced to constant 1986 dollars it amounts to \$167 million meaning that the university hasn't had an increase in purchasing power in 21 years. During that same period non-general funds have increased from \$85 million in 1986 to a projected \$450 million this year.

PRESIDENT HAMILTON said the university has a mixed report card with regard to the issue of maintaining necessary institutional capacity. In the last eight years the university has received

funding that is \$7.2 million short of the fixed costs over that period. The full fixed costs have been funded in three of the last seven years and in all but two years the legislature has funded the payroll. In terms of the general fund, the university has met the measure minimally but the capital side has been less successful. He related that branch campuses have received a 35 percent increase in general funds in the last eight years while the university has received a 29 percent base increase.

The next issue is whether or not contributions are affordable to the state and the students. The legislature makes the determination for the state, but he is very concerned about affordability to students. Tuition has been raised 10 percent per year for the last four years. That has caused pain even though the University of Alaska has one of the lowest state tuition rates of any university in the country.

Students are encouraged to apply for national grant opportunities, but there is a problem in Alaska. For every dollar that a family earns above the means test, which is about \$18,000, the opportunity for PELL grants decrease. On the other hand there has been some success in the workforce programs where employers offer aid or reimbursement to students. Wise employers have chosen to invest in such programs, he said.

PRESIDENT HAMILTON moved to the issue of fairness. From his perspective that is whether or not an adequate amount of money is dispersed to the various branches. All the campuses would all say they don't get enough money but disbursements are equitable.

With regard to the issue of transparency he said the university is a national example. There is transparency in the budget, the programs, the budget distribution, and the initiative process. He related that for the first three years after the initiative process began he took every dime of initiative funding and put the programs on the Internet specifically for the purpose of transparency. He mentioned the ad hoc committee on accountability and sustainability and emphasized that attention to detail is important.

PRESIDENT HAMILTON highlighted training and vocational education program (TVEC) funds to address the issue of incentives for institutional responsiveness and entrepreneurship. It is a special funding stream that comes from unemployment insurance to fund training in the state. Internally, the university has instituted performance based budgeting and it has made a

difference. The community branches are now setting up their own measures upon which performance will be base.

5:34:35 PM

PRESIDENT HAMILTON discussed the categories from the sheet labeled "Measuring Up: Graded Categories."

Student Preparation for Training Beyond High School: The university is beginning to get involved in the high schools and there is need to do more of that. He related that some of the most productive university programs have begun by going to high schools and mapping academic guidelines for students who show promise. A different approach is to get individuals from the workforce to visit high schools to help spell out what a job entails. He mentioned that the Fairbanks Chamber of Commerce started such a program. The teacher-mentoring program was started with a federal grant and the notion is to get young teachers up to speed more quickly. He said that program will bear enormous fruit in years to come.

Participation - The Opportunity to Enroll in Education and Training Beyond High School: This is important because the number of jobs in the country that require post secondary education at the certificate or associate level is overwhelming. For instance, students don't work construction to pay for college any more; they go to college to gain the skills to go into the construction trade. However, a real problem with participation is that Alaska has the lowest high school graduation rates in the country. The university is involved in significant remediation programs and it must continue to do that until the front-end problem is fixed.

Affordability: was covered previously, he said.

Completion: PRESIDENT HAMILTON said we aren't doing very well in this category. One consideration is that more Alaska students work than students in other parts of the country. He noted that many students have given up the Alaska Scholars Program because maintaining 12 credit hours while working is too difficult. It's a difficult balance because working up to 20 hours a week tends to help a student's grades but working 30 hours has a huge impact and working 40 hours is difficult to pull off.

He related that students are working because there isn't much needs-based aid available and federal grants are difficult to qualify for. To get an idea of what it will cost to go to

college he said just double the tuition payment. Even if you don't live in the dorm and deal with a meal plan students are faced with buying ridiculously expensive textbooks. He noted that library costs rise more than health costs each year.

Benefit of a Highly Educated Population: He emphasized that producing workers in the state is exactly what the state university needs to do. For the last seven years the university has been working to replace the retiring workforce on the North Slope with Alaskans and is preparing to meet the needs for the gas pipeline. For instance, the university is moving forward to double the number of engineers by 2010. The university made the same promise to double the number of nurses by 2006. That goal will be met even though the state has not supported it President Hamilton said. The cost is going on the Denali Commission, Rasmussen Foundation, federal grants and contracts, BP, ConocoPhillips, Compaq, TVEC funds, and the hospital workers.

We're moving forward and asking the legislature to fill us back in, he said. We can do anything at the university, we just can't do anything much without funding.

SENATOR SEEKINS mentioned the number of foreign students in the masters degree engineering program and asked if the university was recruiting in India.

PRESIDENT HAMILTON responded that is an anomaly resulting from sister city affiliation. The other factor is that U.S. students aren't entering the engineering field.

CHAIR GARY STEVENS asked if those students would return to India with their degrees.

PRESIDENT HAMILTON said it would probably be a mixed bag favoring India.

WENDY REDMAN, Vice President of University Relations, University of Alaska, said that would change as India and China continue to invest in higher education.

SENATOR SEEKINS questioned why U.S. students aren't entering the field of engineering.

MS. REDMAN responded it is an intense program and Alaska students don't arrive at the university prepared to enter the engineering program. The Alaska Native Engineering and Science Program (ANESP) has been successful at taking rural students

into engineering in Fairbanks and Anchorage but it starts in middle school. Potential students are identified and then they are followed and helped along the way until they to get to the university level.

CHAIR GARY STEVENS said he understands Senator Seekins viewpoint, but the United States has always been a beacon for universities around the world so Alaska has reason to be proud that foreign students want to come here.

PRESIDENT HAMILTON said 100 percent of the graduate engineers have been hired since he joined the university.

MS. REDMAN discussed the advertising program that attracted nurses to the program and said the same thing would have to happen with engineering. Students that want to become engineers will have to take a different academic path in high school. To that end, the Alaska Engineering Society has been advertising and developing internship programs to go into schools.

SENATOR SEEKINS said he would like the dollars that go into the university system to benefit the people of Alaska.

SENATOR WAGONER asked about the percentage of foreign students in the engineering program.

PRESIDENT HAMILTON responded it would be fairly small, but the program is very undersubscribed so bringing in additional students is in the universities' interest.

SENATOR ELTON asked if the university is getting ARCO merger money and if so are they involved in the engineering program.

PRESIDENT HAMILTON replied yes to both questions. About \$1 million has gone to the ANSEP program and those funds have been very important.

PRESIDENT HAMILTON referenced a 1990-2005 demographic indicating that in the last 15 years Alaska has lost 30,000 people. All those people gave up their Permanent Fund dividend to go somewhere else that has a future. He emphasized that young people aren't going to stay here for \$1,500 a year.

CHAIR GARY STEVENS expressed personal concern about the loss of adult students and said he'd like to spend more time discussing that issue.

PRESIDENT HAMILTON concluded his remarks and urged the committee to continue to meet. Transparency and accountability are not a threat because the university is here to do what the legislature directs.

CHAIR GARY STEVENS said he'd like to revisit the issues at some point.

SENATOR WILKEN discussed the governor's proposal to increase funding.

MS. REDMAN mentioned that community campus directors met and developed working groups and strategies that will be helpful over the course of the next year. She expressed the hope that there would be an opportunity to discuss that in depth over the course of the summer.

There being no further business to come before the committee, Chair Gary Stevens adjourned the meeting at [6:26:21 PM](#)