

SENATE FINANCE COMMITTEE
February 13, 2018
9:04 a.m.

9:04:04 AM

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:04 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Click Bishop, Vice-Chair
Senator Peter Micciche
Senator Donny Olson
Senator Gary Stevens
Senator Natasha von Imhof

MEMBERS ABSENT

Senator Anna MacKinnon, Co-Chair

ALSO PRESENT

Jim Johnson, President, University of Alaska; Michelle Rizk, Vice President, University Relations, University of Alaska.

PRESENT VIA TELECONFERENCE

Scott Bell, Associate Vice-Chancellor, Facilities Services, University of Alaska Fairbanks.

SUMMARY

SB 144 APPROP: OPERATING BUDGET/LOANS/FUNDS

SB 144 was HEARD and HELD in committee for further consideration.

PRESENTATION: FY19 OPERATING BUDGET OVERVIEW and DEFERRED MAINTENANCE UPDATE

#sb144

SENATE BILL NO. 144

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

[9:04:26 AM](#)

^PRESENTATION: FY19 OPERATING BUDGET OVERVIEW and DEFERRED MAINTENANCE UPDATE

[9:05:31 AM](#)

JIM JOHNSON, PRESIDENT, UNIVERSITY OF ALASKA, (UA) discussed the presentation, "University of Alaska; FY 19 Operating Budget and Deferred Maintenance Overview" (copy on file). He explained the development of the Land Grant College and Universities in Congress under the Morrill Act of 1862. The University of Alaska is one if the land grant universities created by the act.

[9:07:19 AM](#)

Mr. Johnson looked at Slide 2, "University Mission":

- Education
Delivering academic instruction, career and technical training
- Research
Advancing innovation and discovery through academic and scientific research
- Service
Sharing knowledge to address Alaska's community needs

[9:08:59 AM](#)

Mr. Johnson highlighted Slide 3, "Serving All Alaskans: Three Universities - One Integrated System." The slide showed a shape of the state, with indicators pointing to the areas where the three universities in the UA system had

established campuses. He noted that half of the system campuses were not accessible by land but were in the main population centers of the state, serving the needs of Alaska. He added that UA facilitated many research activities across the state, as well as provided educational services to people across the state who were not resident in the communities highlighted on Slide 3.

[9:10:21 AM](#)

Mr. Johnson addressed Slide 4, "Legal Authority":

Alaska Constitution Article 7, 2 State University

University of Alaska is hereby established as the state university and constituted a body corporate. It shall have title to all real and personal property now or hereafter set aside for or conveyed to it.

Its property shall be administered and disposed of according to law.

Alaska Constitution Article 7, § 3 Board of Regents

The University of Alaska shall be governed by a board of regents. The regents shall be appointed by the governor, subject to confirmation by a majority of the members of the legislature in joint session. The board shall, in accordance with law, formulate policy and appoint the president of the university. He shall be the executive officer of the board.

Alaska Statutes Title 14 Chapter 40 (14.40.10 - 14.40.817)

[9:10:41 AM](#)

Mr. Johnson displayed Slide 5, "Program Areas." The areas were organized by the three mission priorities of education, research, and service. The slide showed the number of students directly served annually, nearly 30,000 in 2017. He expressed appreciation for the research progress made in 2017 and the number of people touched by 4-H programs and practical guidance publications.

[9:12:35 AM](#)

Co-Chair Hoffman queried the impact of the two new science buildings (Anchorage and Fairbanks) and their effect on the university.

Mr. Johnson replied that the facilities had led to a significant increase in student enrollment; the buildings are aesthetically pleasing and state-of-the-art. He said that the work being done in the facilities had benefitted Alaskans throughout the state. He stated that engineering would continue to be an important workforce training area for UA and noted that collaboration within the system, in regard to the discipline, was strong.

[9:15:12 AM](#)

Vice-Chair Bishop wondered whether the 11,000 youth, engaged in the 4-H programs, were tracked to determine how many graduated from high school and enter into postsecondary education.

Mr. Johnson said he would get back to the committee with the information. He speculated that that high school and college graduation rates would be high among the group.

[9:15:54 AM](#)

Vice-Chair Bishop spoke of the direct benefits to the state of encouraging vocational and technical educational opportunities for students. He noted that the Northwest Arctic and Bering Strait school districts had fully embraced technical education programs and had seen high school graduation rates raise from 68 percent to 82 percent.

[9:16:39 AM](#)

Mr. Johnson noted the breakdown in percentages of UA operating budget spending: 72 percent went to education, 20 percent to research, and 8 percent to service. He said that the share of the total budget that came from undesignated general funds was approximately one-third general funds. He related that the University was able to leverage the state's investment in other funds for the University.

[9:17:15 AM](#)

Mr. Johnson highlighted Slide 6, "State Operating Budget Trend." The slide contained a bar graph of unrestricted general fund history in millions. He noted that the chart showed a \$61 million reduction, year-over-year, which

cumulatively totaled \$145 million. The reduction had resulted in a significant impact in UA operations. He pointed out that the Board of Regents request for FY 18 was \$341 million (10 percent below the operating budget approved in FY 14); the Governor's FY 18 request was \$317 million.

[9:18:14 AM](#)

Mr. Johnson addressed Slide 7, "Workforce Reductions FY15-FY18":

Headcount

- 1,183 fewer employees than three years ago.
- Largest reductions have occurred at Statewide Administration and in administrative and academic leadership positions on campus.
- Statewide headcount has been reduced by 36 percent compared to a 14 percent reduction for the entire UA system.

Funding

- UGF funding of the System Office (Statewide) has been reduced by \$11 million, or 37 percent compared to a 14 percent reduction for the entire UA system.

[9:19:11 AM](#)

Mr. Johnson looked at Slide 8, "Program Reductions FY15-FY18":

Over 50 academic programs suspended or eliminated

Academic/Job Training Programs Impacted:

Discontinued

- GC Clinical Social Work Practice (UAA)
- PhD Clinical-Community Psychology (UAF)
- BA and BBA Economics (UAF)
- AAS Apprenticeship Technology (UAS)
- Certificate Automotive Technology (UAS)
- Associate of Business (UAS)

Suspended

- MS Applied Environmental Science and Tech (UAA)

- MS Engineering Management (UAA)
- MS Science Management (UAA)
- AAS Computer Info and Office Systems (UAA)
- BA Philosophy (UAF)
- MS Resource Economics (UAF)
- BA and BS Sociology (UAF)

Strategic Pathways Implementations:

- Three schools of management consolidating to two.
- Leveraging purchasing to reduce cost. University procurement offices organized under a single procurement officer's leadership.
- Streamlining and automating administrative processes and systems.

Mr. Johnson lamented that programs of strong interest and significant enrollment were being considered for discontinuation or suspension due to lack of funding.

Mr. Johnson addressed Slide 9, "Strategic Pathways." He relayed that the slide showed several examples of decisions that had been taken coming out of the process. He related that three schools of management had been reduced to two, purchasing and procurement had been consolidated, administrative processes had been streamlined, and one College of Education now existed with faculty in Anchorage and Fairbanks, but one administrative structure.

[9:21:06 AM](#)

Senator Stevens probed the changes to the College of Education and the impact that those changes would have on the educating of teachers in the state.

Mr. Johnson replied that he would address the changes further into the presentation.

[9:21:38 AM](#)

He noted that the top section of slide 9 outlined the objective of the UA system, which covered all areas. He stated that the bottom represented the foundations. He stated that the three universities: UAS, UA, and UAF were the pillars of the university system. He stated that the goal was to bring together the benefits of one UA system, and the benefits of three distinctive Universities, with

the support of the community college mission across the state. He believed that the slide successfully communicated the similarities and the specialized area of the parts of the UA system. He shared that over 100 options had been generated by the previously mentioned committees that were now in the process of being implemented or were in the process of implementation.

[9:23:42 AM](#)

Mr. Johnson emphasized the importance of common administrative systems within the UA system to manage the increase in online course enrollment. He admitted that there were continuing struggles surrounding information access to rural parts of the state but that improvements were being made.

[9:24:25 AM](#)

Co-Chair Hoffman asked for information about the Alaska Native Science and Engineering Program (ANSEP).

Mr. Johnson responded that the program was thriving and innovating. He shared that the program reached out to rural Alaska and provided intense and deep learning experiences for rural Alaskan youth, through high school and college. The University facilitated significant support and internship opportunities for participants. He beamed that the success rates were tremendous. He noted that the budget proposal included a line to support the creation of an acceleration high school in Anchorage that would serve urban Alaskans.

[9:25:51 AM](#)

Co-Chair Hoffman agreed that the program was successful. He wondered whether other states were looking at the program in the state as a measurement of success.

Mr. Johnson replied that other states were looking to Alaska when crafting similar programs. He added that the National Science Foundation had provided grant support to the program, which had also attracted private support because of its effectiveness.

[9:26:36 AM](#)

Senator von Imhof understood that the University traveled to communities throughout the state to talk to communities about the program. She wondered about discussions surrounding doing a high school residential program on the campus in an effort to prepare kids for the program.

Mr. Johnson shared that a residential program was not in the works, nor a high school program per se, but was looking to support high school kids by providing university course work to those students who were interested. He said that the University was working with the Department of Education and Early Development on the program and with private sector support.

[9:28:03 AM](#)

Senator von Imhof hoped that more could be shared about the program.

Mr. Johnson explained that there would be a specific location near the UA campus where high school students would go to attend classes though the day. He offered to provide the committee with a summary of the program.

[9:29:11 AM](#)

Mr. Johnson discussed Slide 10, "Building a Culture of Education":

Alaska is a land of great wealth

- natural resources
- environment
- global location
- diverse, rich cultures
- adventurous people
- growing Alaska Native corporations and tribal organizations
- opportunity to create a sustainable future for generations to come

Mr. Johnson opined the tremendous challenges faced by the state in the realm of education, particularly the challenge of education attainment. He lamented that the state has low high school graduation rates (47th in the country) and a low college going rate (50th in the country).

[9:30:28 AM](#)

Co-Chair Hoffman asked whether the low college rate included in-state and out-of-state college students.

Mr. Johnson replied that the statistics included both groups.

[9:30:30 AM](#)

Mr. Johnson continued to discuss Slide 10:

There is no single organization in Alaska better poised to solve Alaska's problems and pursue its opportunities than the University of Alaska

- mission
- assets
- record of success
- public support
- partnerships
- plan
- commitment

Our state faces very serious challenges

- vast geography and a small population
- low educational attainment
- health disparities
- critical workforce gaps
- narrow economic base
- high costs in such areas as health care, facilities, energy, and telecommunications
- fiscal uncertainty at state level and recent, severe budget cuts to UA (cumulative \$145M, FY14-FY18)

UA is a prime investment in the capabilities and the ideas to propel Alaska forward

- top quality courses and programs in high demand fields, including extensive offerings in the social sciences, humanities, and the arts
- high powered research into issues relevant to Alaska and the world
- inspiring and transformational role in our students' lives
- critical role of public and community service

Mr. Johnson asserted that by increasing education attainment would bend the cost curve on healthcare costs,

public safety, and many other aspects of Alaskan life. He believed that the University had demonstrated the ability to make tough choices and were tying themselves directly to the needs of the state.

[9:31:52 AM](#)

Mr. Johnson highlighted Slide 11, "Strategic Objectives":

- Drive Economic Development
- Provide a Skilled Alaskan Workforce
- Grow UA's World Class Research
- Increase Degree Attainment
- Operate More Cost Effectively

[9:32:18 AM](#)

Mr. Johnson looked at Slide 12, "Goals and Measures 2018-2025." The slide defined the two ways in which progress would be tracked toward each strategic objective. He believed that the goals were ambitious, yet achievable, and would move the University in the right direction. He relayed that part of the strategy was Alaska Native Science and Engineering Program (ANSEP), which was a key part of the system's proposed increase in Science, Technology, Engineering, and Math (STEM) graduates. He related that the increase in the number of invention disclosures was a predicate to creation of new companies that would be based on intellectual property developed by UA faculty students and staff.

[9:33:42 AM](#)

Co-Chair Hoffman queried the benefit to the state of past invention disclosure.

Mr. Johnson referred to the antioxidant quality of wild Alaskan blueberries, which was much higher than standard, commercial blueberries. He provided the example that there had been a company formed by a faculty member that was focusing on concentration of the high oxidant values found in Alaskan blueberries. He said that the list was long and included pavement technologies.

[9:34:44 AM](#)

Mr. Johnson continued to discuss Slide 12. He stated that the University would continue to prepare the workforce in many areas of the state. He relayed that over 60 percent of the University's graduates were in high demand workforce areas. He explained that the system was looking to triple the percentage of the teachers trained and hired in the state, as well as double the number of healthcare program completions. He said that improvements were being made and that positions were increasing in healthcare programs at UAA, which was the systems lead campus for health programs. He said that the University would work with school districts across the state in the effort to lessen turnover rates and bring down the number of positions that would ultimately need to be filled. He related that the University's focus would strongly be in postbaccalaureate preparation programs, master's degree and certificate programs, geared toward people that already possessed a baccalaureate degree. He stated that a key focus would be an increase in the preparation of rural and Alaskan Native residents for the programs in an effort to bring down the turnover rate.

[9:37:32 AM](#)

Senator Stevens believed that decreasing outside hire for teachers from 70 percent to 10 percent would result in enormous savings for school districts and would benefit all of Alaska.

Mr. Johnson replied that the recent estimate of \$20 million was what school districts across the state spent yearly on recruiting costs for new teachers, alone. He asserted that bringing in more Alaska teachers would decrease that figure and would increase continuity of teachers in classrooms.

[9:38:35 AM](#)

Senator Olson queried the figure of what schools paid out for recruitment efforts.

Mr. Johnson responded that a recent Institute of Social and Economic Research (ISER) study estimated that \$20 million, per year, was spent by the 54 school districts in Alaska for teacher recruitment costs.

[9:39:12 AM](#)

Vice-Chair Bishop pointed out to the committee that there was currently an advertisement for teachers in rural Alaska in Alaska Airlines Magazine.

[9:39:25 AM](#)

Mr. Johnson continued to discuss slide 12. He appreciated the committee's interest in the preparation of teachers in the state. He segued into number 3 on Slide 12, which highlighted that Alaska was a world leader in Arctic related research. He explained that the research was measured by publications in academic journals and citations in academic papers. He shared that growth in world class research had multiple benefits: the ability to recruit and retain top-notch faculty, researchers, and graduate students from across the world and Alaska; the financial benefit of between \$4 and \$6 for every \$1 of invested UGF; the enhancement of quality in classroom instruction and increased undergraduate research opportunities with top-notch faculties. He stressed that the work done was directly tied to the issues that were important to Alaskans. He said that research expenditures were projected to increase at the rate of 5 percent, per year. He stated that the University was being strategic about its areas of emphasis as it looked to the federal government for research support, in the health sector in particular.

Mr. Johnson spoke to number 4 on slide 12, "Increase Education Attainment." He said that this was the heart of the plan adopted by the Board of Regents. The two elements of the plan were to increase enrollment and the rate of graduation. He admitted that the 50 percent increase reflected on the line was ambitious but that it had happened in other states, and in 1975, 6.3 percent of Alaskans were students at UA. He asserted that using those comparative and longitudinal benchmarks made the enrollment goal of 45,000 by 2025, achievable. He admitted that the goal would require funding.

[9:44:00 AM](#)

Vice-Chair Bishop asked whether the target of 45,000 by 2025 could be done with existing brick and mortar capacity.

Mr. Johnson replied that the brick and mortar capacity of UA could withstand growth for a few years, but online learning would play a part in servicing increased

enrollment. He understood the importance of hands-on learning but believed that majority of the enrollees would be taking online courses. He spoke to hybrid courses; hybrid courses involved students learning in a classroom, while other students dialed in online from across the state. He hoped that broadband connectivity to rural communities continued to expand and that completions within the system continued to increase.

[9:46:22 AM](#)

Senator Stevens believed the University was on the right track for completions. He concurred that many people were taking classes online from out-of-state.

Mr. Johnson replied that 400 non-Alaskans were taking online programs at UA, 6,000 Alaskans were taking online classes, he added that the University had benefitted from private funding to increase the marketing of its programs but believed that the campaign should be increased.

[9:47:32 AM](#)

Senator von Imhof mentioned the federal government program, E-Rate, which offered eligible schools and libraries in the United States affordable telecommunications and internet access. She believed that match was 7 to 1 to expand broadband into smaller communities. She asked whether the University would be willing to contribute to the state's portion of the E-Rate match.

Mr. Johnson responded that the University was already paying for connectivity to campuses and that the payments being made were going to commercial bandwidth providers, which he believed were benefitting from the E-Rate subsidies. He offered to provide further detail at a later date.

[9:49:17 AM](#)

Mr. Johnson continued to discuss slide 12. He admitted that the goals listed under number 5 were ambitious but represented the hopeful outcome of the increased enrollment and increased revenue generated by research. He stated that the administration was working closely with all campuses to ensure that all of the numbers align. He said that each

campus was expected to take on the responsibility of meeting the numbers in their particular field of expertise.

[9:51:00 AM](#)

Co-Chair Hoffman appreciated that the goals provided in the presentation were ambitious.

[9:51:23 AM](#)

Mr. Johnson addressed slide 13, "FY 19 Operating Budget." The slide provided a breakdown in spending of the FY 18 Operating Budget. He said that no compensation increases had been proposed for FY 19. He noted that University employees did not enjoy salary step increases. He lamented that staff was being "poached" by other states. Fixed Cost Increased totaled \$9.7 million and Strategic Investments by Objective totaled \$14.7 million.

[9:53:41 AM](#)

Co-Chair Hoffman queried how the new facility providing energy for the Fairbanks campus effected utility costs.

Mr. Johnson replied that the utility costs reflected on the slide were primarily focused on the Anchorage campus. He said that the new facility at Fairbanks would provide heat and power.

[9:54:21 AM](#)

Mr. Johnson continued to discuss Slide 13. He noted that the largest component in funding strategic investments was in the area of increased educational and degree attainment.

[9:55:43 AM](#)

Co-Chair Hoffman queried whether the strategic investments were listed in priority order.

Mr. Johnson replied that they were all top priority. He added that increased enrollment and completion were at the heart of the investments.

[9:56:28 AM](#)

Mr. Johnson discussed Slide 14, "Budget Structural Changes":

- K-12 Outreach and Mining and Petroleum Training Service (MAPTS) moved from Statewide to campuses; student facing functions belong at the campus level
- **University of Alaska Foundation** - secures and stewards philanthropic support - to separate allocation
 - \$3.9 Mill 25 PFT/1 PPT
- **Education Trust** - manages Alaska College Savings Program - to separate allocation
 - \$1.5 Mill 7 PFT

[9:58:18 AM](#)

Senator Stevens mentioned that many universities around the world were facing concerns over changes income tax reporting. He wondered whether the changes would impact UA funds.

Mr. Johnson replied that the major impact on the larger endowments was that they would be taxed per student. He said that UA did not enjoy the benefit of a big endowment and would not be subject to the per student tax. He shared that the increase in the standard deduction could have an impact on charitable donations.

[9:59:42 AM](#)

Mr. Johnson displayed Slide 15, "FY19 Fixed Cost Increases":

- \$3.7 Mill - Facilities Maintenance
 - Annual upkeep necessary to slow accumulation of deferred maintenance backlog; reduce risk of localized mission failure
- \$3.1 Mill - Utility Costs
 - Electricity, natural gas rate increases; coal transport and ash disposal
- \$2.1 Mill - UAF Engineering Building
 - Incremental operational costs necessary to bring the new engineering building online
- \$0.9 Mill - Electronic Library Resources
 - Licensing renewals, subscriptions for online scientific, academic, and other education and research data

[10:00:17 AM](#)

Mr. Johnson highlighted Slide 16, "Healthcare Management":

- University shares plan costs with employees

UA covers 82 percent of "net plan costs", employees cover 18 percent

FY17 UA had favorable experience on large claims (over \$100k) which are typically plan cost drivers

- Healthy Roads - 3rd party Wellness Program Provider

Outcomes and incentives based program

Biometric screenings; early detection; life-style challenges; nutrition and diet programs

[10:01:16 AM](#)

Mr. Johnson looked at Slide 17, "Healthcare Management." The slide depicted a line graph that illustrated the annual health insurance employer contribution rates per employee through FY 25.

[10:02:02 AM](#)

Mr. Johnson addressed slide 18, "Healthcare Management." He relayed that the University attempted to keep healthcare costs down by responsibly managing costs, conducting research into health, and training an Alaskan workforce for high demand healthcare jobs in the state. He noted that the employee cost had been increasing due to general health care inflation and from spreading the cost out over fewer people.

[10:02:41 AM](#)

Mr. Johnson highlighted Slide 19, "Travel Management":

- Travel costs reduced by 28 percent (\$6.3 mill) FY14-FY17
- New travel management system being implemented - live in early FY19

- **Concur**, a leading travel technology provider - selected through RFP process
- Major overhaul - streamlined regulations, process efficiencies, new booking tool, automated expense reporting, better user and administrator experience
- Working closely with State to implement similar programs, leverage negotiated discounts, and to implement Leg Audit travel recommendations
- Using Corporate Travel Management (CTM) booking tool, the same as the State of Alaska

[10:03:34 AM](#)

Mr. Johnson discussed Slide 20, "Labor Contracts." He related that UA had 6 employee groups, 5 represented by collective bargaining, and 1 unrepresented. He noted that each unit was described on the slide next to the contract terms and number of employees. He noted that for many years discussions had been ongoing with two of the faculty units of which recent resolution had been accomplished.

[10:04:56 AM](#)

Co-Chair Hoffman asked how the service provided in Fairbanks by the Fairbanks Firefighters Union differed from the service provided for coverage in Anchorage.

Mr. Johnson responded that the Fairbanks fire station was a University operated station; UAA did not have its own fire service and depended on the municipality for service in the event of a fire.

[10:05:53 AM](#)

Mr. Johnson highlighted Slide 21, "Other Legislative Priorities":

- Extend Education Tax Credit
 - Expires December 2018
 - UA receives 40 percent of contributions
 - Represents \$4-\$5 Mill in annual revenue to UA
 - Simple concept - complicated statute
- Protecting Higher Education Fund
 - less than \$18 Million Annual Draw
 - Alaska Performance Scholarship (less than \$12M)
 - Alaska Education Grant (less than \$6M)

- o Non-designated appropriations depleting fund

[10:08:33 AM](#)

Co-Chair Hoffman queried the drop-out rate of the Alaska Performance Scholarship Program recipients.

Mr. Johnson agreed to provide that information at a later date.

[10:08:57 AM](#)

Senator Stevens requested the drop-out rate for students that received needs-based scholarships.

Mr. Johnson agreed to provide that information at a later date.

[10:09:14 AM](#)

Mr. Johnson looked at Slide 22, "Land Grant Deficit":

Only Delaware received a smaller public land grant than Alaska

- UA received approx. 110,000 acres
- UA land deficit is approx. 360,000 acres
- Working with Congressional Delegation and DNR on federal legislative solution

Mr. Johnson noted that the University was active in developing its lands and working with state and federal agencies to increase activity. He said that proceeds from land activity and development went to fund the Alaska Scholars program.

[10:11:04 AM](#)

Co-Chair Hoffman queried what consideration had been given to changing the State Constitution to allow for more land to be granted to the University.

Mr. Johnson replied that nothing much had been done on the issue.

[10:11:52 AM](#)

MICHELLE RIZK, VICE PRESIDENT, UNIVERSITY RELATIONS, UNIVERSITY OF ALASKA, addressed slide 24, "UA Facilities Profile":

- University currently spends \$35-\$45 million annually to maintain its facilities
- The Board of Regents has set a long-term target of \$60 million for annual maintenance, the amount necessary to keep the deferred maintenance backlog from growing.

[10:14:12 AM](#)

Ms. Rizk highlighted Slide 25, "State GF Received for DM."

[10:14:59 AM](#)

Ms. Rizk looked at Slide 26, "Facilities Funding":

Operating Budget funds:

Operations (utilities, custodial, insurance, etc.)

Preventive maintenance

Reactive maintenance (Repair)

Small scale renewals, and repurposing

Capital Budget funds:

Major capital investment

Deferred maintenance and large scale renewals and repurposing

Ms. Rizk discussed Slide 27, "Facilities Stewardship":

- Maintenance - preventive maintenance and repair to keep a facility in its current condition
- Renewal - scheduled replacement or restoration of components that have exceeded their service life

- Repair - restoration of facility components to operational conditions
- Repurposing - renovating space to meet current needs
- Deferred - facilities stewardship activities not performed when scheduled, thus delayed to a future period

[10:16:16 AM](#)

Ms. Rizk looked at Slide 28, "Prioritization":

Facilities Councils Focused on:

- Operating Cost Reductions
- Preventive Maintenance
- Reducing Deferred Maintenance, Renewal and Repurposing Backlog
- Reducing Off-Campus Leases

Net lease space reduced by 23 percent
(166,700 gsf)

- Space Utilization Efficiencies

Owned facilities reduced by 148,000 gsf

[10:17:00 AM](#)

Senator von Imhof // Ms. Rizk //

[10:17:27 AM](#)

Mr. Johnson furthered that //

[10:17:46 AM](#)

Senator von Imhof // Ms. Rizk replied that it depended the
//

[10:18:33 AM](#)

Senator von Imhof // Ms. Rizk stated that //

10:19:31 AM

Ms. Rizk looked at Slide 29, "Prioritization":

- Facilities stewardship is prioritized by the following criteria:

Safety, regulatory and code requirements

Programmatic mission requirements

Energy and other operating cost savings opportunities

System or component reliability and remaining operational life

Appearance

- UA continues to explore ways to reduce facilities footprint and long-term operating costs

10:20:26 AM

Ms. Rizk looked at Slide 30, "UAF Heat and Power Plant":

- Replaces 54-year old Atkinson coal plant
- Project on track; testing likely in March
- Planned operational in November
- Cost \$248 Mill:
 - \$90.5 Mill state funding
 - \$87.5 Mill Municipal Bond Bank loan to UA
 - \$70.0 Mill UA revenue bonds
- \$7 Mill DM still remain on remaining facility and \$14 Mill in DM on heat/power distribution system

10:21:21 AM

Senator von Imhof remarked that // Mr. Johnson replied that //

[10:22:36 AM](#)

SCOTT BELL, ASSOCIATE VICE-CHANCELLOR, FACILITIES SERVICES,
UNIVERSITY OF ALASKA FAIRBANKS (via teleconference),

[10:23:12 AM](#)

Senator von Imhof // Mr. Bell replied that //

[10:23:45 AM](#)

Senator Stevens // Mr. Bell replied that //

[10:24:29 AM](#)

Vice-Chair Bishop // Mr. Johnson replied //

[10:25:16 AM](#)

Ms. Rizk furthered //

[10:26:05 AM](#)

Vice-Chair Bishop //

[10:26:23 AM](#)

Co-Chair Hoffman queried closing comments.

[10:26:29 AM](#)

Mr. Johnson stated that //

[10:27:04 AM](#)

Co-Chair Hoffman //

[10:27:18 AM](#)

Vice-Chair Bishop looked at page 13, and increasing of the
workforce. He stated that //

[10:29:02 AM](#)

Senator Stevens // Mr. Johnson replied that //

[10:29:59 AM](#)

Senator Stevens //

[10:30:18 AM](#)

Co-Chair Hoffman discussed housekeeping.

SB 144 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[10:30:43 AM](#)

The meeting was adjourned at 10:30 a.m.