

2/01/12

BUDGET

OVERVIEW:

UNIVERSITY

OF ALASKA

2/1/12



UNIVERSITY
of ALASKA

Many Traditions One Alaska

FY13 Budget Overview

House Finance Committee

Feb. 1, 2012



Committee Guidance

- Mission
- Core services/priorities
- Results
- Challenges
- Budget overview



UA's Mission

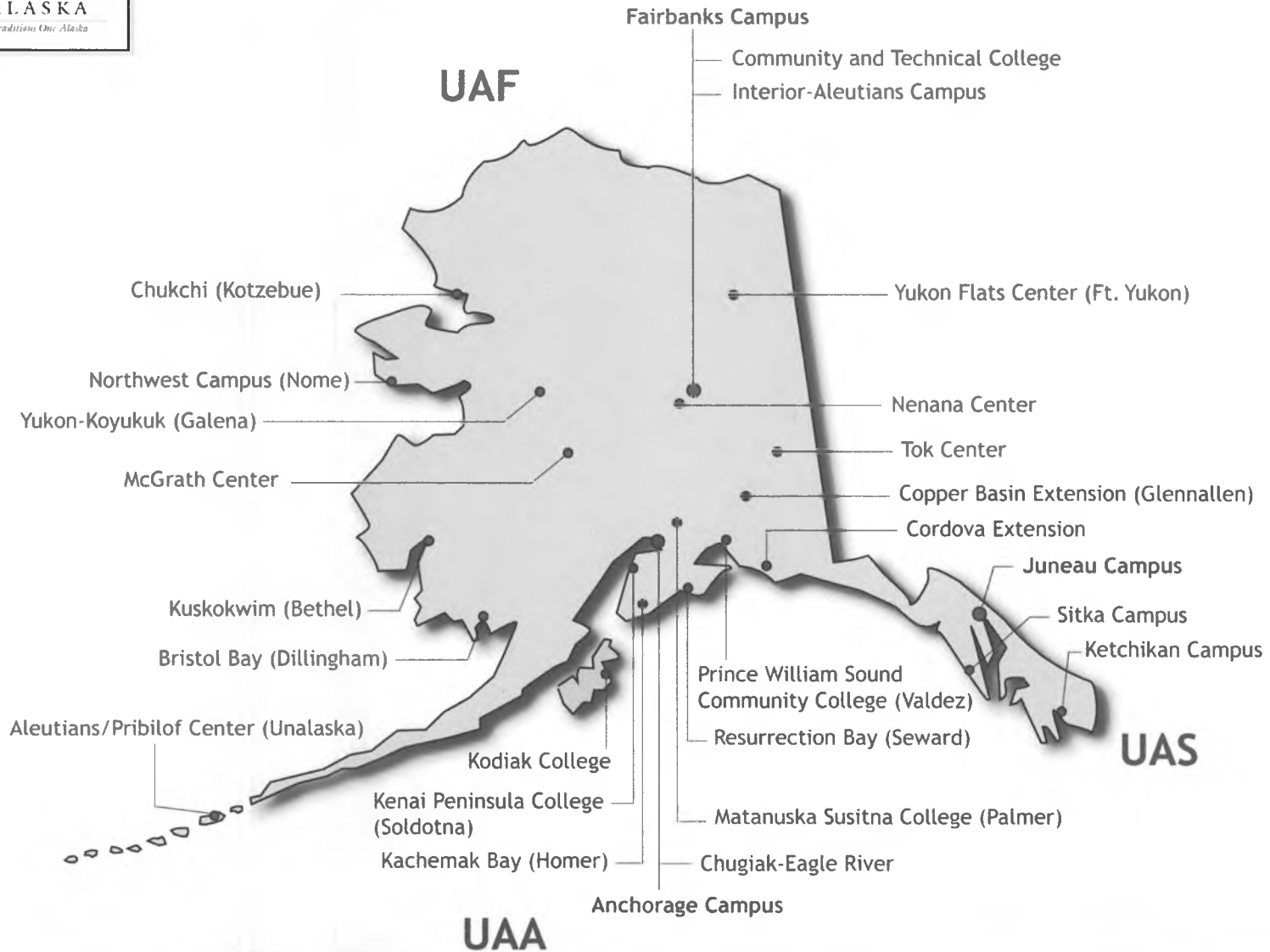
"The University of Alaska inspires learning, and advances and disseminates knowledge through teaching, research, and public service, emphasizing the North and its diverse peoples."

Regents' Policy 01.01.01





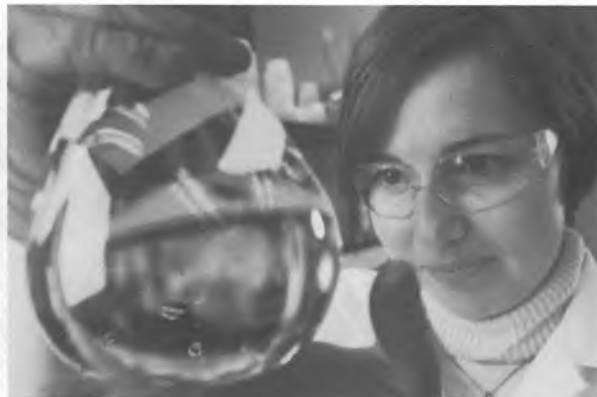
Many Traditions, One Alaska





Who Are We?

- Nearly 35,000 students; 15 nationalities
- 3 urban campuses; dozen community campuses; numerous outreach centers
- Over 500 degrees
- 3,983 graduates FY11





What Are We?







- Higher Education
 - PhD
 - MA/MS
 - BA/BS
 - AA
- Workforce Development
 - License
 - Certificate
 - Skilled Labor Training
 - Partnerships
- Research (Basic/Applied)
 - Federal Needs
 - International needs
 - State Needs
- Cultural Priority and Integration



RESULTS

Performance Review

From FY10 FY11 Report Card

Up 6.3%		High Demand Job Area Degrees Awarded	2,895 high-demand certificates & degrees
Up 0.1 %		First-Time Full-Time Baccalaureate Graduation	27.8% six-year graduation rate
Up 3.8%		Student Credit Hours	626,052 SCH
Up 5.3%		Grant-funded Research Expenditures	\$137.95 million
Up 8.3%		University-Generated Revenue	\$444.61 million
Up 11.6%		Donors to the UA Foundation	7,364 private, alumni, and corporate donors



University of Alaska's FY13 Operating Budget Compared to Governor's Proposed Budget (in thousands of \$)

	State Approp.	Receipt Auth.	Total	State Approp.	Receipt Auth.	Total
FY12 Base Budget	351,523.1	535,883.6	887,406.7	351,723.1	535,883.6	887,406.7
FY13 Operating Request Items	UA BOR Budget			Gov's Proposed Budget		
Compensation Increases ¹	5,178.4	7,607.8	12,786.2	5,178.4	7,607.8	12,786.2
Additional Operating Cost Increases	2,784.0	6,465.0	9,249.0	1,534.0	5,465.0	6,999.0
Subtotal - Adjusted Base Requirements	7,962.4	14,072.8	22,035.2	6,712.4	13,072.8	19,785.2
	2.3%	2.6%	2.5%	1.9%	2.4%	2.2%
High Priority Program Sustainment						
FY12 One-time Funded Priority Programs to Baseline	200.0	15.0	215.0	200.0	15.0	215.0
New Initiatives to Improve Graduation Rates	1,463.2	650.9	2,114.1			
Response to State High-Demand Jobs	3,079.1	1,110.0	4,189.1			
AK Research, Economic Development, Intellectual Property	1,545.0	1,611.7	3,156.7		547.2	547.2
Subtotal - Priority Programs	6,287.3	3,387.6	9,674.9	200.0	562.2	762.2
	1.8%	0.6%	1.1%	0.1%	0.1%	0.1%
Total FY13 Operating Budget	366,179.3	555,825.5	922,004.8	358,842.0	552,000.1	910,842.1
% Change FY12-FY13 Operating Budget	4.2%	3.7%	3.9%	2.1%	3.0%	2.6%

¹ Includes applied FY12 benefit savings.



Cost Savings Initiatives Underway

- \$7 million cost avoidance in health plan
- Reduction in executive staff
 - Combined University Relations Vice President with UA Foundation President
 - Combined Facilities and Land Management position
 - Execute lead campus model – health
 - Outsourced Federal Relations to contract
- Personnel savings
- Dependent audit – estimated savings \$470,000
- Reduced energy consumption
- More video conferencing instead of travel



Education & Training for High-Demand Jobs

- Engineering
- Health and biomedical
- Teacher education
- Workforce development

Oil/Gas Mining
Fisheries Health care

UA request: \$3 M





Alaska Research, Economic Development, Intellectual Property

- Commercialize UA intellectual property for business development
- Indigenous studies, AK Native Knowledge Network & preservation of Alaska art and culture
- High-performance computing
- Resilience and climate adaptation studies

UA request: \$1.5 M



FY13 Capital Budget

- Deferred Maintenance (DM)
- Renewal and Repurposing (R&R)
- DM Backlog reduction
- Research for Alaska

UA request: \$202.2 M



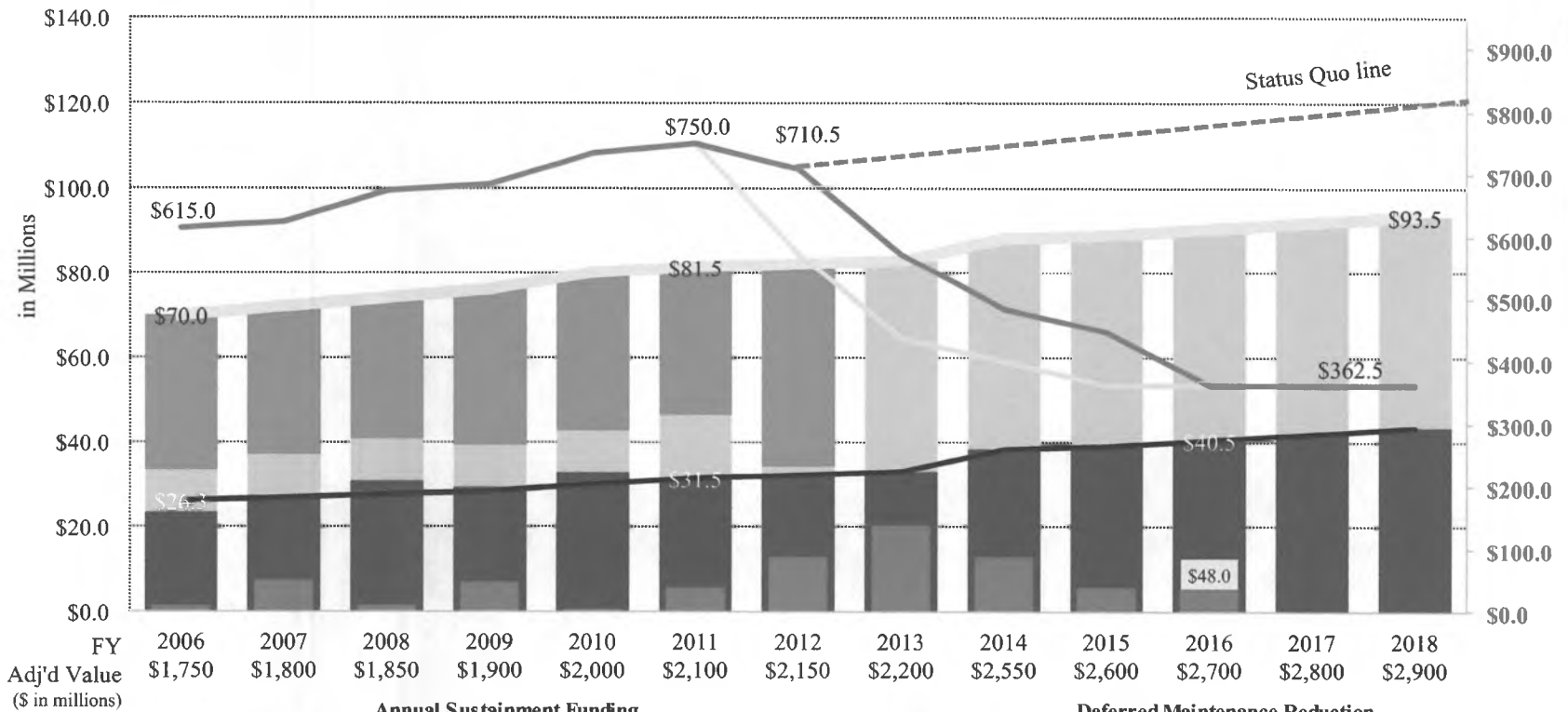
Deferred Maintenance



- UA floor space is 40% of ALL state facilities in Alaska
- 400+ buildings/infrastructure
- 6.7 million square feet... and growing
- \$2 billion adjusted value
- DM at UA results from a chronic inconsistency to regularly program O&M and R&R, despite the well accepted consequences



FY13 Sustainment Funding Plan for UA Facilities



- Annual Sustainment Funding**
- M&R Annual Expenditures (Operating Budget)
 - M&R Annual Maintenance Target 1.5% of Adj'd Value (Budget Intent)
 - R&R Annual Capital Expenditures (Target is approx 2.5% of Adj'd Value)
 - M&R/R&R Annual Investment Target (Approx. 4% of Adj'd Value)
 - Annual Investment Target Shortfall (adds to DM backlog)

- Deferred Maintenance Reduction**
- Deferred Maintenance Reduction Expenditures (\$37.5M for 6 yrs + \$200.0M)
 - Additional R&R funds necessary to reach sustainment level by FY16
 - Deferred Maintenance Backlog with adequate M&R/R&R funding (Reduce to approximately \$360M by FY16)
 - Deferred Maintenance Backlog as presented in FY12
 - Deferred Maintenance Backlog without adequate R&R funding (Grows to over \$800M by FY18)



University of Alaska's FY13 Capital Budget Compared to Governor's Proposed Budget (in thousands of \$)

	UA BOR Budget			Gov's Proposed Budget		
	State Approp.	Receipt Auth.	Total	State Approp.	Receipt Auth.	Total
Deferred Maintenance (DM) and Renewal & Repurposing (R&R)	37,500.0		37,500.0	37,500.0		37,500.0
Annual Renewal & Repurposing Requirement	50,000.0		50,000.0			
Additional DM Backlog Reduction	100,000.0		100,000.0			
New Construction: Refer to 10-Year Capital Plan						
Planning and Design: Refer to 10-Year Capital Plan						
Research for Alaska	14,700.0	28,850.0	43,550.0			
Federal Receipt Authority for Capital Projects		15,000.0	15,000.0		15,000.0	15,000.0
Total FY13 Capital Budget	202,200.0	43,850.0	246,050.0	37,500.0	15,000.0	52,500.0

UA Facilities – A Necessary Investment





Deferred Maintenance

* Bottom Line *

UA seriously needs a programmatic solution to acquiring annual funds for real property maintenance, R&R and DM reduction. Going back to the well each year is clearly not working in the State's best financial interest.



Research for Alaska



- Energy technology, analysis & development
- Expanded test-bed capabilities (diesel, wind-diesel, hydro-kinetic)
- More research on geothermal, wind & biofuel
- Understanding Arctic oil spill response needs
- Ocean acidification and impacts on Alaska fisheries

UA Request: \$14.7 M



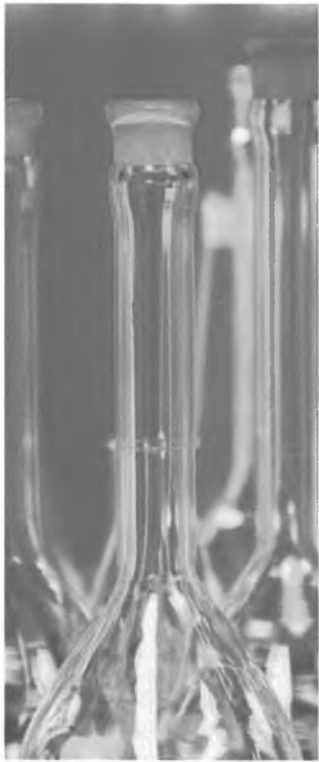
Federal Agencies Seek Out UA Research

- \$138 million, up 5.3% from FY10
- Recognition that *Alaska* should have more control of the questions and answers research within *Alaska*
- We believe State of Alaska complimentary research investment is needed





Research – Economic Impacts



- \$92 M payroll
(50/50 split – UA & private sector)
- Alaska answers to Alaska questions
- Good value – each \$1 invested leverages at least \$5



Challenges

- State funding support – trending down
- Huge facility complex – aging out
- Enrollment – still growing
- Degree program demand – extensive
- Health care costs – unsustainable

Challenges



Limited Solution Set

- Tuition increases
- Program reductions
- Faculty mix changes
- Class size changes
- Facility closures
- New revenue sources
- Increase graduation rates
- Workload increases



Meeting UA's Challenges – Strategic Direction Initiative

- Strategic Direction
 - Eliminate all credit transfer hurdles
 - Service – reduce “hassle factor”
 - Capitalize on and expand e-Learning
 - Relieve tuition pressure
- Placing emphasis on Outcomes
 - Value
 - Quality
 - Throughput
- Incorporate lessons learned





SD

Initiatives Underway

- Scholarship innovation – incentive vs. reward
- Expanded advising
- Credit transfer review
- Commercialization of intellectual property
- Align Community Campus outputs w/ 4 year degrees
- Examine core curriculum possibilities
- Teacher retention
 - i3 Alaska teacher mentor validation – 5 year, \$15 M grant
 - Cultural Competence – 2 year, \$3 M grant



SD

Initiatives to Improve Graduation Rates

- Target the 3 critical years
 - High School outreach, curriculum alignment
 - Comprehensive advising – application based
 - Improve the likelihood of retention
 - Remove obstacles from student progress



Why improve Graduation Rates?

- Graduate sooner = contribute to Alaska's economy, personal earnings faster
- Reduce UA cost per graduate
- Reduces student debt load accumulation

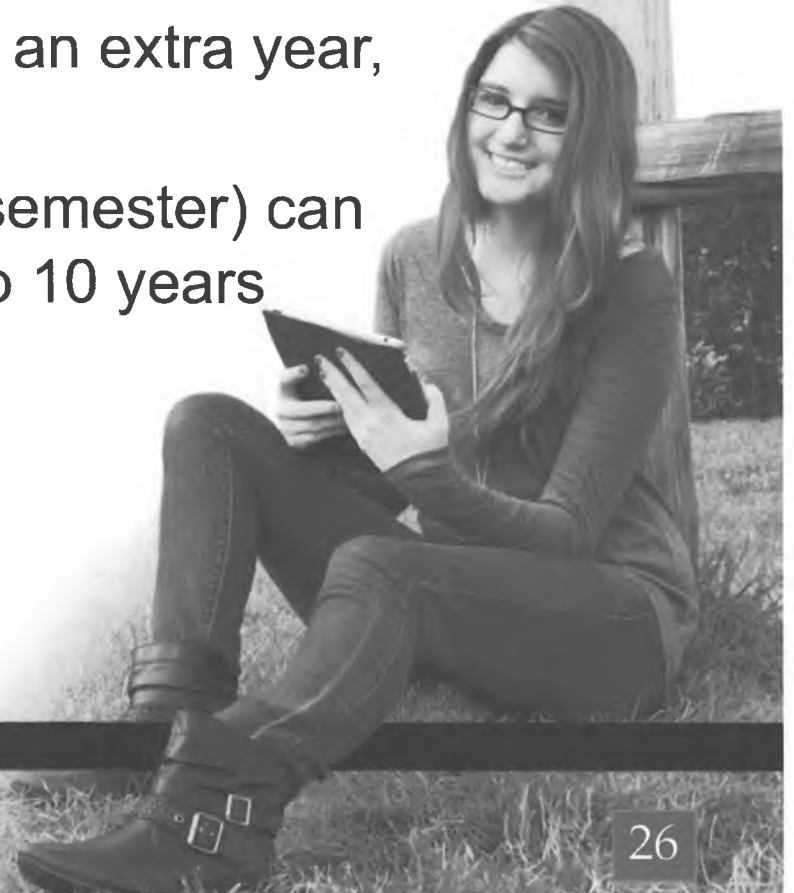
UA request: \$1.4 M



FOR EXAMPLE

“Stay on TRACK”

- Voluntary – urges students to focus on graduation
- Minimum 30 credits/year (120 credit degree programs)
- Taking only 24 credits/year adds an extra year, and \$10,000 in room/board/fees
- Part-time attendance (6 credits/semester) can increase time to graduation up to 10 years



STAY on TRACK UNIVERSITY OF ALASKA

www.alaska.edu/stayontrack