

ALASKA LEGISLATURE

1586

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998

AGENCIES AND FUNCTIONS

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT (AS 44.33.020)

The primary goal of the Department of Commerce and Economic Development is to promote an active, healthy and expanding business community. This goal is accomplished through two main tasks: consumer protection through regulation of business; and economic development through advocacy programs which develop, strengthen, and diversify Alaska's economic base, increase employment opportunities, and stimulate private enterprise.

Overview of Divisions/Agencies

The department directs Alaska's business regulatory, economic development and international trade programs, and is responsible for economic development advocacy and marketing in oil and gas, fishing, timber, minerals, tourism, international trade, and other services and industries. The department maintains international trade offices in eight (8) nations, provides infrastructure financing and regulates banking, securities, insurance, and professional occupations. The department is comprised of eight (8) line divisions and seven (7) independent organizations governed by boards and commissions. In addition, the Commissioner sits on twelve (12) boards and councils.

Public Protection Functions

- **The Division of Measurement Standards** (AS 44.33.020, 45.75, 42.30.200-.380) runs three programs:

The Weights and Measures Program requires the testing and certification of accuracy for weighing and measuring devices used in commercial transactions, and the testing of packaged commodities to verify labeled weight, measure, or count. Devices tested through this program include retail gasoline pumps, fuel meters, remote consoles, and scales used for grocery stores, airline baggage, personal vehicles, construction, rail freight, and wholesale fish purchase.

Through the Truck Size and Enforcement Program, the division issues oversize/overweight permits and operates the state's ten permanent (or "fixed") weigh stations. The program specifies the routes and conditions under which vehicles or loads that exceed legal dimension and weight limitations set by statute and regulation may move on the state highway system. Danger and inconvenience to the traveling public is minimized as a result of restrictions placed on overweight/oversize loads and vehicles, and potential damage to the highway is reduced. The Division's function is to detect and correct vehicles and loads that exceed the allowable limits.

The Air Carrier Program requires annual certification of all aircraft that transport passengers or freight commercially intrastate and requires that the operator demonstrate financial responsibility in accordance with statutory limits.

- **The Division of Insurance** (AS 21) is responsible for regulation of all aspects of the insurance industry in the state. The mission of the division is to protect and serve Alaska by developing, interpreting and enforcing the insurance statutes and regulations, protecting and educating the Alaskan consumer and enhancing the insurance business environment.

The division licenses approximately 8,500 qualified individuals, firms, and insurance companies to market insurance in Alaska. It reviews rate and form filings submitted by insurance companies and examines insurance companies' records to ensure the consumer is treated fairly and quality insurance is provided. The division also examines insurance companies' financial records in order to verify that each company is solvent and has sufficient reserves to protect Alaskan policyholders and that investments meet statutory requirements. It investigates and resolves close to 600 individual written consumer complaints each year in addition to answering routine queries received over the phone and from the general public that stop by the office. The division, as part of its service to Alaskans, has begun an outreach program to assist and educate both consumers and employers in becoming more knowledgeable insurance purchasers. This program has been very well received in the communities visited by staff.

The division administers and collects premium taxes on insurers of approximately \$28 million annually. The division is funded entirely through program receipts paid by the insurance industry. The division was accredited by the National Association of Insurance Commissioners (NAIC) on December 7, 1992. As of September, 1996, 49 states have met the NAIC's standards for financial solvency regulation of insurance companies. Alaska was the first west coast state to be accredited.

- **The Division of Banking, Securities and Corporations** (AS 06, 10, 32, 34.55, 44.33.020, 45.50, 45.55) regulates state-chartered financial institutions; administers and enforces state security laws, including enforcement of proxy solicitation rules for Alaska native corporations and the licensing of broker/dealers and investment advisors; and administers laws relating to the formation and filing of corporations, limited partnerships, limited liability companies and partnerships, BIDCO's, and other associations. The overall functions of the division supports the foundation for trade and commerce in Alaska. Availability of credit, capital markets, and business legal formations is the heart of the division's activity.

The Banking Section charters and supervises state-chartered banks, mutual savings banks, trust companies, bank holding companies, credit unions, consumer finance offices, and premium finance companies. The division acts to assure the safety and soundness of financial institutions, and encourages an adequate, competitive credit system.

The Securities Section protects the investing public by providing an investment environment that is free of fraud and misrepresentation. Through regulation, it provides a responsible marketplace which encourages the financing of legitimate business and industry in the state. The section seeks to increase small business access to capital while assuring that investor

protection is not compromised. The section also is responsible for proxy matters for Native corporations.

The Corporations Section files Articles of Incorporation and other documents in order to establish legal status for corporate and other entities, and issues Certificates of Authority for foreign corporations wishing to do business in Alaska. The section administers Alaska's Business Name and Trademark Law to ensure that those who wish to file their business names or trademarks are given protection against infringement.

- **The Division of Occupational Licensing** (AS 08, 05.15, 43.70, 44.33.020) issues all business licenses and serves as the central professional licensing agency for the state. The division is entirely funded by program receipts from license fees.

The division provides licensing, enforcement, administrative and budgetary services to 20 licensing boards and 16 occupational licensing programs without boards. The 36 programs are:

- | | |
|--|--|
| 1) Architects, Engineers and
Engineers & Land Surveyors | 19) Real Estate |
| 2) Athletic Commission | 20) Real Estate Appraisers |
| 3) Barbers & Hairdressers | 21) Acupuncture |
| 4) Direct Entry Midwives | 22) Audiologists & Hearing Aid Dealers |
| 5) Chiropractors | 23) Collection Agencies |
| 6) Clinical Social Workers | 24) Concert Promoters |
| 7) Dental | 25) Construction Contractors |
| 8) Dispensing Opticians | 26) Electrical Administrators |
| 9) Marine Pilots | 27) Geologists |
| 10) Marital & Family Therapy | 28) Guide-Outfitters |
| 11) Medical | 29) Mechanical Administrators |
| 12) Nursing | 30) Mortuary Science |
| 13) Optometry | 31) Naturopathy |
| 14) Pharmacy | 32) Nursing Home Administrators |
| 15) Physical/Occupational Therapy | 33) Storage Tank Workers |
| 16) Psychology | 34) Business Licensing |
| 17) Public Accountancy | 35) Nurse Aide Registry |
| 18) Veterinary | 36) Mobile Home Dealers |

The division's goal is to provide efficient licensing and enforcement services, so qualified professionals can work at their trades and incompetent and unethical professionals do not harm the public.

For that purpose, the division reviews individuals' qualifications for initial licensure and renewal, administers competency examinations, establishes qualifications and performance standards, investigates public complaints of incompetent professional service, conducts disciplinary hearings, and sets and collects license fees.

At the start of Fiscal Year 1997, the division was responsible for 35,402 professional licenses and 66,949 business licenses. The business licensing program generated \$2,000.3 in revenue during FY 96. Professional licens-

ing programs covered their costs with license fees as required by AS 08.01.065.

- **The Alaska Public Utilities Commission** (AS 42.05, 42.06, 42.45) regulates public utilities by certifying qualified providers of public utility and pipeline services; and ensuring that they provide safe and adequate services and facilities at just and reasonable rates, terms, and conditions. The commission also determines the eligibility and the per kilowatt-hour support for electric utilities under the Power Cost Equalization program.

A public utility or pipeline carrier must obtain a certificate of public convenience and necessity, which describes the authorized service area and scope of operations of the utility. A certificate may be issued only if the commission finds the applicant to be fit, willing, and able to provide the utility service requested.

The commission consists of five Commissioners appointed by the Governor and confirmed by the Legislature for six-year terms of office. It is funded by a regulatory assessment on the revenues of regulated utilities and pipeline carriers.

General Government Functions

- **The Division of Administrative Services** serves the internal administrative needs of the department through management guidance, accounting, budget development, purchasing, property control, data processing, and human resources services.

Economic Development Functions

- **Commissioner's Office** The overall administration and management responsibilities for the department are vested in the Office of the Commissioner. The Commissioner sets the policies and direction for the department, and by statute serves on twelve (12) boards and commissions. In addition, the Commissioner participates in many other state policy forums, including the Alaska Human Resources Investment Council, Welfare Reform Task Force and *Marketing Alaska*. Staff in this office support the Commissioner in the overall management and coordination of department activities, including strategic planning, policy direction, management oversight, and legislative coordination.

The major goals of the Commissioner are to work with the private sector to strengthen Alaska's competitiveness in the world marketplace, and protect Alaska's citizens and businesses by maintaining a fair and consistent business regulatory environment.

As chair of the *Marketing Alaska* Executive Committee, the Commissioner leads the implementation of the Governor's *Marketing Alaska* initiative. This initiative is a long-term public-private partnership designed to tailor government economic development programs to meet private sector needs and assist the private sector in meeting the competitive challenges of the global marketplace.

There are two primary components of the *Marketing Alaska* initiative. First, the Governor, Commissioner, and other Alaska leaders are communicating directly with key decision-makers in our major industries to let them know that they are welcome here. We also want to stay abreast of what the competition is doing around the world, and what we can do to add value to our products — basically following the model developed by the Governor when he, the Commissioner and members from the *Marketing Alaska* executive committee met with the CEO's of the major oil industry companies. Second, the administration has an ongoing dialogue with members of the key industries — including seafood, timber, cultural resources, small business, mining and minerals, oil and gas, and tourism — with one goal in mind: to identify how the State of Alaska and the industry can work together to improve each sector's market share in the world economy.

- The mission of the **Division of Trade and Development (DTD)** (AS 44.33.020, 44.33.800, 44.67.010, 36.30.322-338) is to encourage investment and sound economic development throughout Alaska. DTD's efforts are a key part of the State of Alaska's overall economic development strategy to increase employment and diversify our economic base. The division accomplishes its mission by:
 - **increasing and enhancing demand for Alaska products and services.** Division activities include providing up-to-date market information to Alaskan businesses and communities; providing technical assistance for product and market development; and promoting Alaska products and services domestically and abroad.
 - **ensuring a supportive business climate in Alaska.** Division activities include advocating for business-sensitive regulations and permitting processes; developing state policies to entice business expansion; improving communication between the state and private sector; and helping business and industry access capital.
 - **stimulating economic growth statewide.** Division activities include supporting the expansion of value-added processing; removing trade barriers overseas; helping communities develop needed infrastructure; and assisting training efforts.

Governor Knowles' *Marketing Alaska* initiative — a partnership comprised of members of the Knowles Administration, the Alaska Legislature, and the private sector — is the cornerstone of DTD's work program. DTD staff is responsible for implementing many of the more than 200 recommendations developed through the *Marketing Alaska* process.

- **The Division of Investments** (AS 16.10, 26.15, 27.09, 44.33, 44.88, 45.88-.89, 45.95, 45.98) promotes economic development through direct state lending within those industries that are not adequately serviced by the private sector. The division administers three (3) loan programs that are actively lending: Commercial Fishing, Fisheries Enhancement, Small Business Economic Development; and services outstanding loans in eight (8) other loan programs for the department: Veterans, Small Business, Historical

District, Child Care Facility, Residential Energy Conservation, Alternative Energy, Mining, and Water Resources.

The division also provides loan servicing in ten portfolios for five investors: The Alaska Industrial Development and Export Authority, and the Departments of Revenue, Environmental Conservation, Health and Social Services, and Military and Veterans Affairs.

The division administers the Fisheries Enhancement Tax Receipts program, distributing to the regional aquaculture associations the tax collected by the Department of Revenue on the sale of salmon in areas where regional aquaculture associations are supported by local fishers.

- **The Division of Tourism** (AS 44.33.119-135) supports the growth of Alaska's private tourism industry by fostering a climate for doing business that is positive; developing new markets for potential visitors; conducting research into visitor demographics, opinions and expenditures as well as the size and scope of Alaska's travel industry; creating opportunities for Alaska businesses to make business contacts that would otherwise have been impossible to make; and providing information to potential visitors that will assist them in their trip planning. To achieve these goals, the Division of Tourism encompasses the following program elements:

Development and maintenance of travel trade relationships in German-speaking Europe and Japan; developing travel trade relationships in Australia and the United Kingdom; development and maintenance of travel trade relationships in niche markets within the United States; answering written and telephonic inquiries from potential visitors; developing special promotions that will stimulate travel to Alaska; development and maintenance of a commercial film industry in Alaska; and design, production and distribution of printed materials to support the efforts above. Additionally, the Division of Tourism serves as an advocate for Alaska tourism businesses by providing input to other state and federal agencies concerning the potential impact to the travel industry through their regulatory and budgetary actions. Finally, the Division of Tourism works closely with the Alaska Tourism Marketing Council in the direct marketing of Alaska as a visitor destination to consumers.

- **The Alaska Tourism Marketing Council (ATMC)** (AS 44.33.700-735) is a public/private partnership whose mission is to stimulate economic growth, diversification, and employment by promoting Alaska as a visitor destination in domestic consumer markets. To achieve this mission, the ATMC conducts a targeted national marketing program aimed at U.S. and Canadian markets determined to have the greatest potential for producing new and repeat visitors.

Primary elements of the program include media advertising, public relations, research, direct response campaigns, and distribution of trip planning information such as the State Vacation Planner. The program not only motivates people to visit, it provides Alaska businesses and local organizations the opportunity to access a national marketplace which they could not otherwise afford.

The ATMC is a public corporation of the state governed by a twenty-one (21)-member board, ten (10) appointed by the Governor, ten (10) appointed by the Alaska Visitors Association, and the Director of the Division of Tourism. This cooperative marketing effort combines the financial resources and marketing expertise of the state and private sector, and benefits all segments of Alaska through increased visitor industry spending.

- **The Alaska Industrial Development and Export Authority (AIDEA)** (AS 44.88) is a public corporation which provides capital to finance economic growth in Alaska. Through a variety of programs AIDEA provides financing assistance to industrial, manufacturing, and other business enterprises to further AIDEA's overall mission of developing and diversifying the state's economic base, thereby creating additional employment opportunities for Alaskans.

Historically, AIDEA accomplishes its mission by acting as a secondary market for financing institutions, making no direct loans, but rather purchasing a major portion of business loans from financial institutions. The participations are funded through the sale of bonds or internal assets.

In an effort to produce more private sector employment, AIDEA has placed greater emphasis on infrastructure and resource development projects through the Development Finance (owner/operator) program, created in 1986. AIDEA has the ability to own and operate specific projects that support private sector employment in the state and advance the authority's mission.

AIDEA has a business assistance loan guaranteed program, which was created to help stimulate new business and to help businesses by providing a guarantee on new loans or loans to refinance existing debt; and an export assistance loan guarantee program, which is designed to facilitate the export of Alaskan goods, services, and raw materials on loans made for eligible export transactions.

Since 1993, AIDEA also has oversight responsibility for projects owned by the Alaska Energy Authority.

AIDEA is governed by a five-member board consisting of the Commissioners of the Departments of Commerce and Economic Development, Revenue, and one (1) additional commissioner (currently the Commissioner of the Department of Transportation and Public Facilities), and two (2) public members.

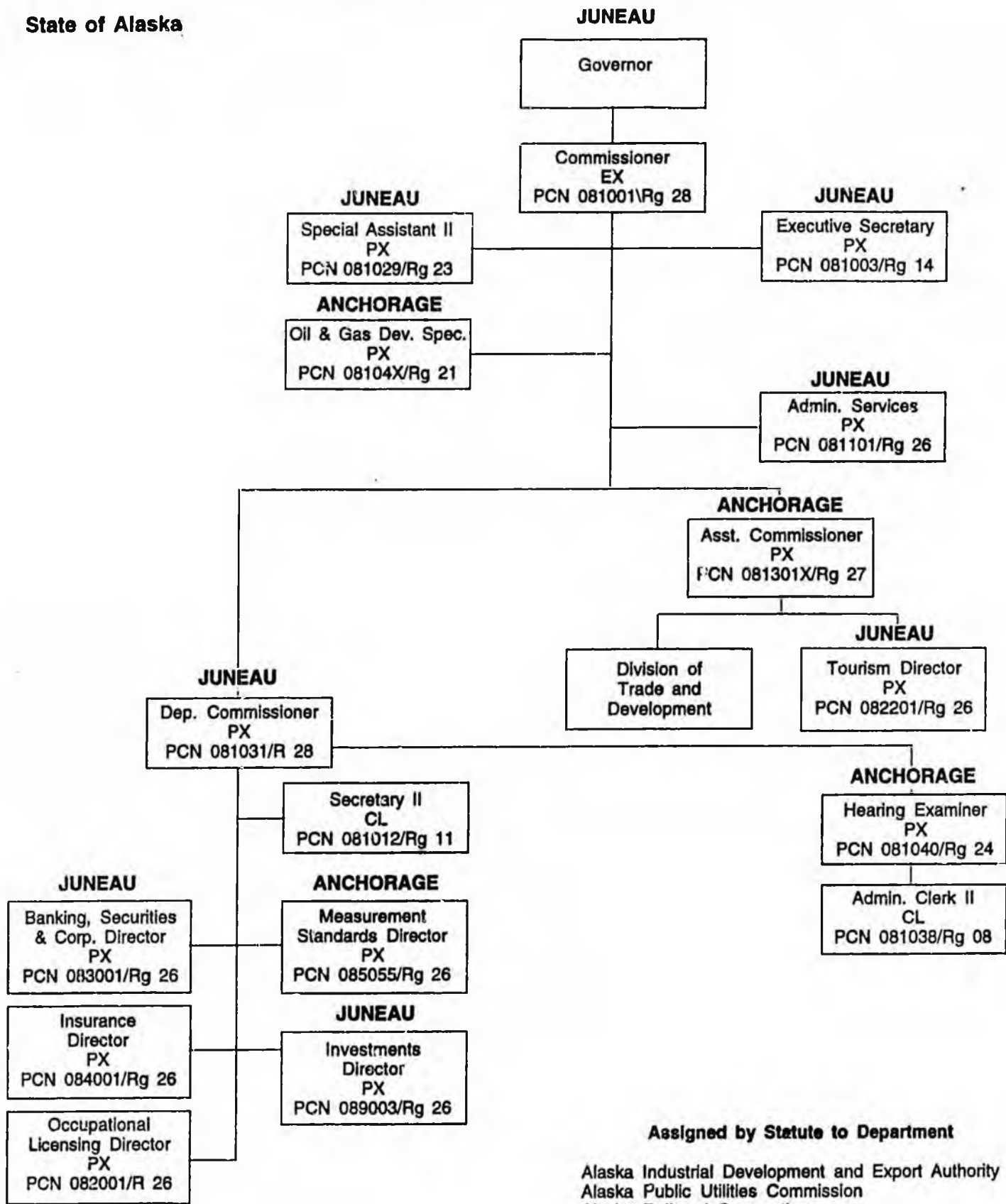
- **The Alaska Seafood Marketing Institute** (AS 16.51) generically promotes all species of Alaska seafood worldwide and works to improve seafood quality to enhance profitability and growth for the Alaska seafood industry. The Communications, Export and Domestic Marketing programs utilize advertising, publicity, public relations, and promotions to increase awareness of, and preference for, Alaska seafood products. The quality programs are aimed at teaching fishermen, processors, retailers and restaurateurs about proper handling of Alaska seafood products.

The quasi-independent commodity commission consists of twenty-five (25) board members appointed by the Governor, including twelve (12) seafood processors, twelve (12) commercial fishers, and one (1) lay person. The board has established six (6) standing committees: executive, quality, salmon, shellfish, whitefish, and export promotions.

- **The Alaska Aerospace Development Corporation (AADC)** (AS 14.40.821-.990) is a public corporation created by the Alaska State Legislature to develop aerospace related economic and technical opportunities. AADC is working with private corporations, government agencies, and universities to develop a comprehensive low earth orbit launch complex and full service satellite ground station facilities. The Kodiak Launch Complex will be located on Kodiak Island and ground station activities will be concentrated in Fairbanks. Additionally, AADC is working to promote satellite assembly, test, and distribution facilities in Anchorage as well as educational opportunities throughout the state.
- **The Alaska Science and Technology Foundation (ASTF)** (AS 37.17) is a public corporation of the State of Alaska formed to promote the development and application of science and technology for the direct benefit of Alaskans. To achieve this mission, the Alaska Science and Technology Endowment has been established. Endowment income provides the Foundation's operating expenses and grants for eligible projects. ASTF is governed by a nine member policy making Board of Directors appointed by the Governor.
- **The Alaska Railroad Corporation** (AS 42.40) operates and manages the Alaska Railroad, which the federal government sold to the state in 1985. It is a public corporation with a legal existence independent of and separate from the state, and is governed by a board of directors consisting of the Commissioners of the Departments of Commerce and Economic Development and Transportation and Public Facilities, and five members appointed by the Governor.

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

State of Alaska



Assigned by Statute to Department

- Alaska Industrial Development and Export Authority
- Alaska Public Utilities Commission
- Alaska Railroad Corporation
- Alaska Seafood Marketing Institute
- Alaska Tourism Marketing Council
- Alaska Aerospace Development Corporation
- Alaska Science & Technology Foundation

(Rev. 1/97)

CL: Classified
 PX: Partially Exempt
 EX: Exempt

FUNDING HISTORY AND ORGANIZATIONAL CHANGES

Funding History

<u>Fiscal Year</u>	<u>Auth.</u>	<u>Gen. Fund</u>	<u>GF-Prog. Rec.</u>	<u>Fed. Funds</u>	<u>Other Funds</u>
FY 98 Governor	60,795.1	11,716.7	25,952.6	3,694.1	19,431.7
FY 97 Auth	69,619.9	11,711.1	27,246.9	5,275.0	25,386.9
FY 96 Auth	61,209.6	13,969.4	23,044.1	6,401.1	17,795.0
FY 95 Auth	65,479.2	14,211.9	25,353.0	7,558.1	18,356.2
FY 94 Auth	84,486.2	36,244.3	29,211.9	7,591.3	11,438.7
FY 93 Auth	78,313.4	36,657.5	22,458.0	8,805.9	10,392.0
FY 92 Auth	68,365.1	37,010.2	15,780.9	5,217.0	10,357.0
FY 91 Auth	69,054.3	37,996.7	14,779.7	5,381.5	10,896.4
FY 90 Auth	70,404.4	43,756.7	13,737.4	3,527.5	9,382.8
FY 89 Auth	67,516.6	37,542.6	20,044.6	1,475.0	8,454.4

Excludes Fisheries Enhancement Tax Receipts program, supplementals and RPL's.

GF-Prog. Rec. Includes General Fund Program Receipts and Designated Program Receipts.

Other funds include Loan Funds, IA Receipts, State Corporate Receipts, AK Science & Technology Endowment Earnings, and CIP Receipts.

Organizational Changes

- o Executive Order #98, transferring the Division of Measurement Standards to the Department of Transportation and Public Facilities (DOT/PF), has been submitted to the Legislature. The Executive Order will consolidate the State's commercial vehicle safety functions under DOT/PF.

Budget Structure Change

- o There are no budget structure changes in the FY 98 operating budget request.

Department of Commerce and Economic Development
FY 1998 Governor's Budget

	DCED Total	Measurement Standards	Bank, Sec & Corp	Insurance	Occ Lic Operations	Occ Lic Boards	APUC
UNALLOCATED	0.0			0.0	0.0		
100 PERS SVCS	23,701.3	2,534.8	1,487.6	2,941.7	3,333.8		2,639.6
200 TRAVEL	1,975.6	150.5	76.3	187.5	110.7	168.0	53.5
300 CONT SVCS	26,089.2	271.4	107.7	1,018.8	1,257.4	7.0	1,336.1
400 SUPPLIES	604.6	26.1	18.9	59.2	68.0		62.5
500 EQUIPMENT	232.2	18.3	6.8	34.2	88.7		25.8
700 GRANTS	8,192.2				100.0		
EXPENDITURES	60,795.1	3,001.1	1,697.3	4,241.4	4,958.6	175.0	4,117.5
FUNDING	60,795.1	3,001.1	1,697.3	4,241.4	4,958.6	175.0	4,117.5
1002 FED REC	3,694.1	44.1					
1003 GF MATCH	520.1						
1004 GEN FUND	11,196.6	1,618.1					
1005 PROG REC	3,070.7	1,314.5	1,653.7				
1007 IA REC	1,334.3		29.1	26.0	318.1		
1022 CORP REC	4,890.0						
1025 SCI/TECH	9,529.9						
1035 VRLF	234.7						
1036 CFRLF	2,579.7						
1040 RESF REC	268.6				268.6		
1057 SBRLF	2.5						
1061 CIP REC	135.0						
1067 MRLF	5.0						
1068 CCFRLF	5.5						
1069 HDRLF	3.0						
1070 FERLF	289.2						
1071 AERLF	154.3						
1072 RECRLF	0.0						
1091 DES PROG REC	22,881.9	24.4	14.5	4,215.4	4,371.9	175.0	4,117.5
FULL TIME	390	45	25	51	63		42
PART TIME	16	7			2		

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CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

Department of Commerce and Economic Development
FY 1998 Governor's Budget

	DCED Total	Measurement Standards	Bank, Sec & Corp	Insurance	Occ Lic Operations	Occ Lic Boards	APUC
UNALLOCATED	0.0			0.0	0.0		
100 PERS SVCS	23,701.3	2,534.8	1,487.6	2,941.7	3,333.8		2,639.6
200 TRAVEL	1,975.6	150.5	76.3	187.5	110.7	168.0	53.5
300 CONT SVCS	26,089.2	271.4	107.7	1,018.8	1,257.4	7.0	1,336.1
400 SUPPLIES	604.6	26.1	18.9	59.2	68.0		62.5
500 EQUIPMENT	232.2	18.3	6.8	34.2	88.7		25.8
700 GRANTS	8,192.2				100.0		
EXPENDITURES	60,795.1	3,001.1	1,697.3	4,241.4	4,958.6	175.0	4,117.5
FUNDING	60,795.1	3,001.1	1,697.3	4,241.4	4,958.6	175.0	4,117.5
1002 FED REC	3,694.1	44.1					
1003 GF MATCH	520.1						
1004 GEN FUND	11,196.6	1,618.1					
1005 PROG REC	3,070.7	1,314.5	1,653.7				
1007 IA REC	1,334.3		29.1	26.0	318.1		
1022 CORP REC	4,890.0						
1025 SCI/TECH	9,529.9						
1035 VRLF	234.7						
1036 CFRLF	2,579.7						
1040 RESF REC	268.6				268.6		
1057 SBRLF	2.5						
1061 CIP REC	135.0						
1067 MRLF	5.0						
1068 CCFRLF	5.5						
1069 HDRLF	3.0						
1070 FERLF	289.2						
1071 AERLF	154.3						
1072 RECRLF	0.0						
1091 DES PROG REC	22,881.9	24.4	14.5	4,215.4	4,371.9	175.0	4,117.5
FULL TIME	390	45	25	51	63		42
PART TIME	16	7			2		

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Department of Commerce and Economic Development
 FY 1998 Governor's Budget

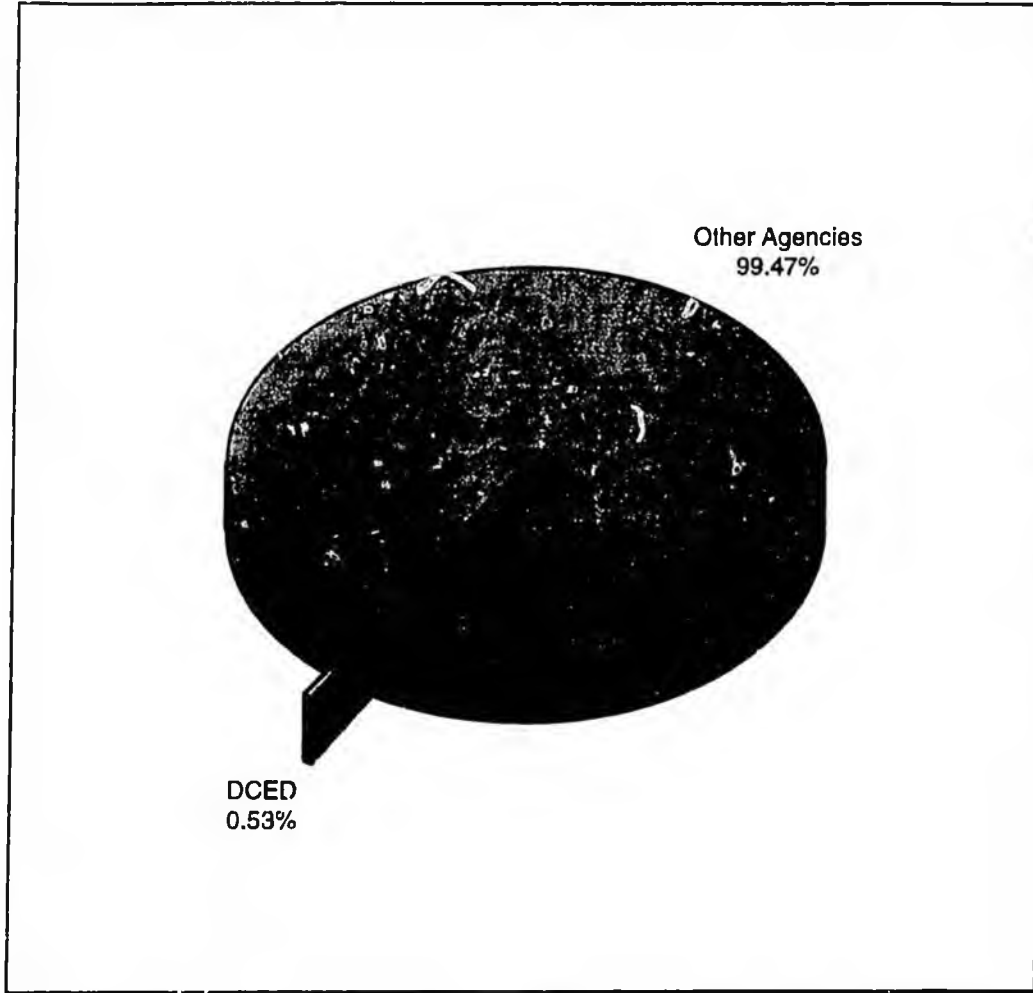
-14-

	Commissioner's Office	Administrative Services	Trade & Development	Investments	Tourism Development	ATMC	AIDEA Operations
UNALLOCATED							
100 PERS SVCS	490.3	1,065.4	1,300.1	2,408.2	786.1	196.2	2,067.5
200 TRAVEL	22.4	6.6	200.2	31.2	100.7	53.4	68.2
300 CONT SVCS	79.6	118.4	918.5	628.8	2,029.2	5,325.1	1,598.4
400 SUPPLIES	5.0	8.1	43.5	37.9	24.0	4.0	38.9
500 EQUIPMENT			6.1	4.8		5.0	15.5
700 GRANTS			60.0	220.0	98.0		
EXPENDITURES	597.3	1,198.5	2,528.4	3,330.9	3,038.0	5,583.7	3,788.5
FUNDING	597.3	1,198.5	2,528.4	3,330.9	3,038.0	5,583.7	3,788.5
1002 FED REC			150.0				
1003 GF MATCH							
1004 GEN FUND	458.7	748.2	1,952.8		2,331.6	4,087.2	
1005 PROG REC			62.0		40.5		
1007 IA REC	138.6	450.3	214.1	57.0	101.1		
1022 CORP REC							3,788.5
1025 SCI/TECH							
1035 VRLF				234.7			
1036 CFRLF				2,579.7			
1040 RESF REC							
1057 SBRLF				2.5			
1061 CIP REC			135.0				
1067 MRLF				5.0			
1068 CCFRLF				5.5			
1069 HDRLF				3.0			
1070 FERLF				289.2			
1071 AERLF				154.3			
1072 RECRLF				0.0			
1091 DIFS PROG REC			14.5		564.8	1,496.5	
FULL TIME	7	17	20	44	13	3	28
PART TIME		1	1		3		

Department of Commerce and Economic Development
 FY 1998 Governor's Budget

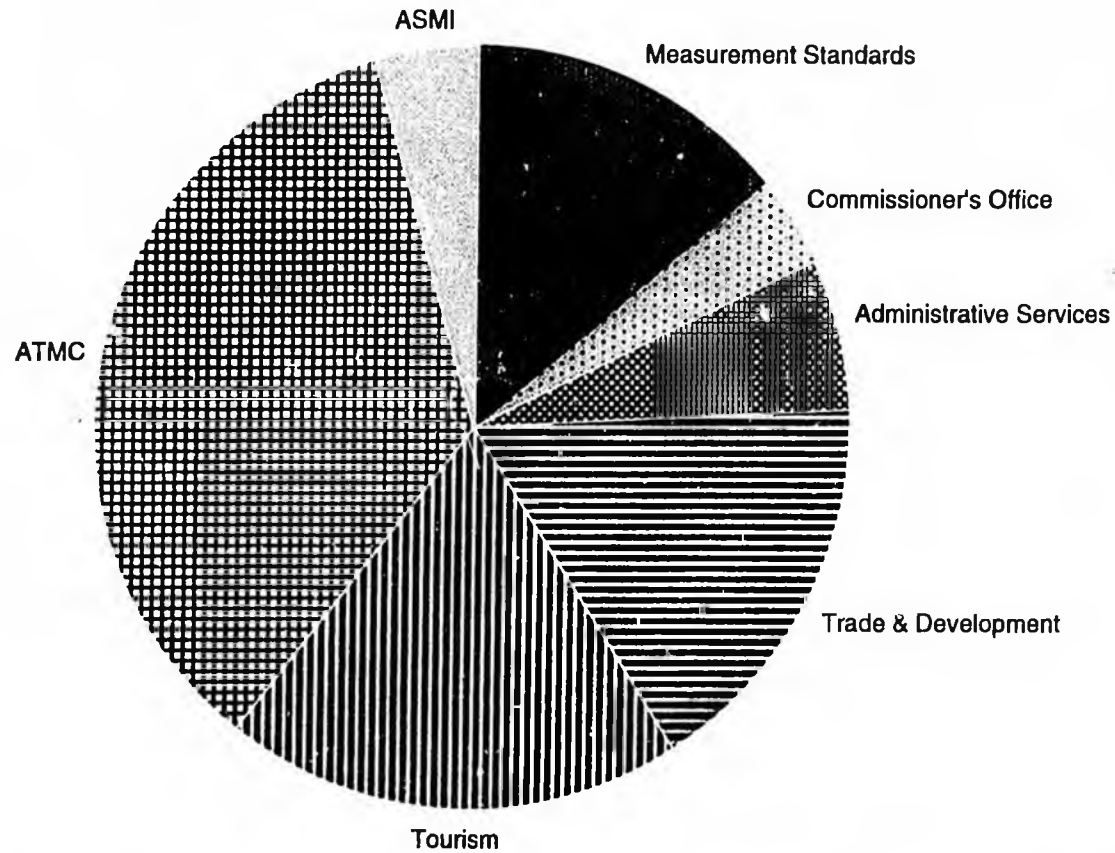
	AIDEA AEA O&M	ASMI	AADC	ASTF
UNALLOCATED				
100 PERS SVCS	312.1	1,208.7	325.7	603.5
200 TRAVEL	30.0	582.4	50.0	84.0
300 CONT SVCS	703.2	9,922.4	172.3	594.9
400 SUPPLIES	8.0	180.0	4.0	16.5
500 EQUIPMENT	5.0	14.0	8.0	
700 GRANTS				7,714.2
EXPENDITURES	1,058.3	11,907.5	560.0	9,013.1
FUNDING	1,058.3	11,907.5	560.0	9,013.1
1002 FED REC		3,500.0		0.0
1003 GF MATCH		520.1		
1004 GEN FUND				
1005 PROG REC				
1007 IA REC				
1022 CORP REC	1,058.3		43.2	
1025 SCI/TECH			516.8	9,013.1
1035 VRLF				
1036 CFRLF				
1040 RESF REC				
1057 SBRLF				
1061 CIP REC				
1067 MRLF				
1068 CCFRLF				
1069 HDRLF				
1070 FERLF				
1071 AERLF				
1072 RECRLF				
1091 DES PROG REC		7,887.4		
FULL TIME	4	18	4	6
PART TIME		1		1

State of Alaska
FY98 Governor's Operating Budget
Unrestricted General Fund Authorization



	DCED	Other Agencies
Total General Fund	\$11,716.7	\$2,198,249.2
1003 General Fund Match	520.1	223,491.3
1004 General Fund	11,196.6	1,865,861.4
1037 General Fund/Mental Health		108,896.5

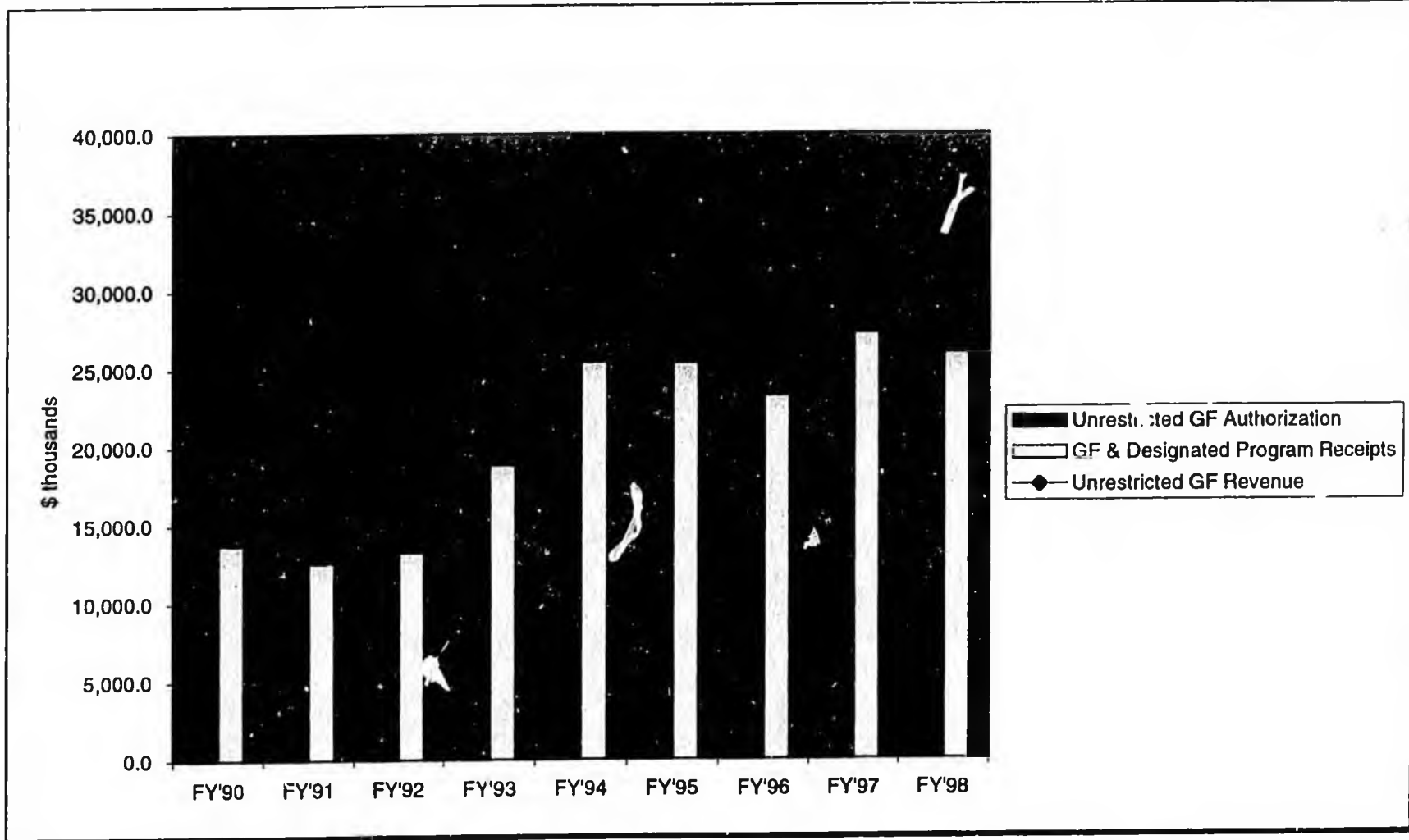
DCED FY 98 Unrestricted General Funds by Agency



	DCED	Measurement Standards	Commissioner's Office	Administrative Services	Trade & Development	Tourism	ATMC	ASMI
FUNDING	11,716.7	1,618.1	458.7	748.2	1,952.8	2,331.6	4,087.2	520.1
GF MATCH	520.1	0.0	0.0	0.0	0.0	0.0	0.0	520.1
GEN FUND	11,196.6	1,618.1	458.7	748.2	1,952.8	2,331.6	4,087.2	0.0

**Department of Commerce and Economic Development
General Fund and GF/Designated Program Receipts History**

-18-



	FY'90	FY'91	FY'92	FY'93	FY'94	FY'95	FY'96	FY'97	FY'98
Unrestricted GF Authorization	28,930.0	23,329.8	21,963.7	18,678.1	18,339.8	14,212.1	14,030.6	11,711.1	11,716.7
GF & Designated Program Receipts	13,737.4	12,549.5	13,264.6	18,792.2	25,397.1	25,353.0	23,238.1	27,246.9	25,952.6
Unrestricted GF Revenue	26,908.6	27,180.8	31,342.0	31,163.9	34,742.6	34,426.3	35,839.2		

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
Multiple Agencies		
<u>FY98 COLA</u> Cost of living allowance for all employees.	229.5	303.6
<u>Health Insurance Adjustment</u> Additional health insurance costs.	86.9	115.3
Division of Measurement Standards		
<u>NMFS and Third Party Receipts Increase</u> Of this total, \$44.1 is federal receipts to support a new program to inspect off shore fishing industry weighing devices on request of the U.S. Department of Commerce, National Marine Fisheries Service (NMFS). The balance of \$7.0 is for additional authority to receive and expend designated program receipts to allow third party billings for device inspections and other reimbursable activities.	7.0	51.1
Division of Insurance		
<u>FY 97 Carry Forward Funds</u> SLA 1996 Chapter 123 Section 47(a) appropriated the unexpended FY 96 balances and receipts to the division for expenditure in FY 97. This amount totaled \$901.0, which is comprised of \$111.0 in unexpended authority and another \$789.7 in excess revenues. In FY98, the division has received approval to include the following carry-over funds in the adjusted base totaling \$304.9. \$178.3 in Personal Service to allow full staffing, enabling the division to increase the numbers of financial and market conduct examinations. These examinations are critical to assuring a fair and equitable insurance market for the Alaskan consumer. \$75.0 To add an Investigator II/III. The current staff of two investigators cannot adequately address all reports of alleged wrongdoing in a timely manner and it is imperative that the division respond quickly to such reports to protect consumers, the industry and employers. Additionally, timely action can serve as a powerful fraud prevention tool.	(596.1)	(596.1)

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
<p>\$51.6 increases the division's share of administrative support to the Commissioner's Office (\$25.1) and (\$26.5) to the Division of Administrative Services.</p> <p>The inclusion of these amounts from the carry-over in the adjusted base results in a decrement of (\$596.1) for FY 98.</p>		
<p><u>Division of Occupational Licensing</u> <u>FY 97 Carry Forward Funds</u></p> <p>SLA 1996, Chapter 117, Section 17, authorized excess receipts to roll forward to fund operating costs. Excess receipts in FY 96 that carried forward into FY 97 totaled \$1,386.4. Following discussions with the Office of Management and Budget, Division of Budget Review, the division received approval to include \$368.6 for service cost adjustments described below to be funded from the roll forward receipts. This decrement reduces the balance of the roll forward authorization in the amount of \$1,017.8 as a reduction from the FY 98 base. The \$368.6 service cost adjustments from the roll forward consist of the following:</p> <ol style="list-style-type: none"> 1. Administrative Services Support, \$26.5: The BRU's share of departmental administrative services support costs such as personnel, mailroom, fiscal, data processing, ...etc. 2. Commissioner's Office Support, \$25.1: The BRU's share of departmental support from the Commissioner's Office. 3. Department of Labor, \$100.0: Provides increased RSA funding for an administrative clerk and an investigator to increase enforcement of construction contractor and electrical/mechanical administrator licensing laws. 4. Investigator II, \$25.0: Provides funding to increase an existing part-time investigator position to permanent full-time to focus work on unlicensed activity. 5. Investigator III, \$75.0: Provides funding for a second permanent full-time investigator for the 	<p>(1,017.8) (1,017.8)</p>	

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
<p>State Medical Board. There is a serious backlog of medical complaints, and the board feels its mandate to protect the public cannot be met by the one investigator presently responsible for approximately 140 citizen complaints as well as application and malpractice investigations.</p>		
<p>6. Executive Secretary, Board of Registration for Architects, Engineers, and Land Surveyors, \$73.3: This position would be filled by an individual knowledgeable about AELS issues who could assist the board in policy development and create a more comprehensive AELS program. With 5,000 licensees, AELS is one of the division's most demanding programs and the existing range 12 licensing examiner position cannot meet the board's goals.</p>		
<p>7. Administrative Clerk II, \$43.7: This position would support the Executive Secretaries of the State Medical Board and the Board of Nursing. Each position receives a large volume of administrative-clerical inquiries daily, and this position would allow the Executive Secretaries to use their expertise more appropriately and improve licensing services.</p>		
<p><u>AK Public Utilities Commission</u> <u>Paralegal Support</u></p> <p>The Alaska Public Utilities Commission is requesting two new Paralegal I positions, range 13A. These positions are essential to timely production of Commission orders.</p>	97.1	97.1
<p>The Commission is required by law to publish its decisions by orders that contain the decision, the findings and the basis for the findings. There is considerable interest and support from the public, especially the regulated utilities and pipeline carriers, in obtaining timely Commission decisions. As the level of competition in telecommunications and other regulated utility sectors grows, the need for quick Commission decisions is much greater. Delays can interfere with the competitive market, as well as individual utility's plans.</p>		

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
<p>Commission paralegals assist Commissioners in the preparation of formal Commission orders by researching, writing and editing. They are present during the Commission's hearings, pre-hearing conferences and adjudicatory meetings. They are trained to capture the information required to draft orders that meet the legal requirements of AS 42.05.191. These drafts are then reviewed and revised by each Commissioner participating in the decision.</p>		
<p>Office of the Commissioner</p>		
<p><u>Allocation of Department Management and Policy Costs</u> In addressing the reality of shrinking General Fund dollars, the department is requesting to allocate some of the cost of overall department management to the regulatory agencies that allocate their costs to their respective industries. The divisions of Insurance and Occupational Licensing are funded with Designated Program Receipts, and are providing additional funding to the Commissioner's Office in FY 97 and FY 98.</p>	0.0	50.2
<p>Division of Administrative Services</p>		
<p><u>Allocate Centralized Administrative Support Costs</u> The Division of Administrative Services provides centralized administrative support to the agencies within the Department of Commerce and Economic Development.</p> <p>To meet the General fund reductions allocated in FY 97, certain cost savings were implemented, and the balance of the reductions made up through increased allocation of costs to the Divisions of Insurance and Occupational Licensing. The division is also sharing its Human Resources Manager with the Department of Community and Regional Affairs (DCRA) with DCRA funding 40% of the position.</p> <p>This increment is an increase in the allocation of costs the Division of Administrative Services charges to the Divisions of Insurance and Occupational Licensing, and the Department of Community and Regional Affairs.</p>	0.0	86.5

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
Division of Trade and Development		
<u>Taiwan Contract Support</u>	0.0	23.1
<p>DTD's contractor in Taiwan provides service to the Division of Tourism and the Alaska travel industry by: disseminating and distributing information on destinations and attractions in Alaska; serving as liaison between the Division of Tourism and the travel trade and press; arranging meetings, seminars and travel workshops; coordinating visiting state representatives and private sector activities; and serving as an information source about Alaska for the press and trade of Taiwan and as a source of market information for Alaska. The Division of Tourism is providing additional Interagency Receipts funding for these services.</p>		
<u>Korea Office Support</u>	0.0	33.1
<p>The Korean travel market is growing at a rate of 19.9% a year. The Division of Tourism is increasing its annual RSA to DTD \$13.0, in order to further stimulate this market and to maintain the direct air service from Seoul to Anchorage currently enjoyed by the state. DTD's contractor in Korea provides service to the Division of Tourism and the Alaska travel industry by: disseminating and distributing information on destinations and attractions in Alaska; serving as liaison between the Division of Tourism and the travel trade and press; arranging meetings, seminars and travel workshops; coordinating visiting state representatives and private sector activities; serving as an information source about Alaska for the press and trade of Korea and as a source of market information for Alaska.</p> <p>DTD's contractor in Korea provides services to the Anchorage International Airport, including but not limited to: disseminating information to appropriate Korean industry/government officials on airport news and developments; working with Korean officials to expand their air cargo operations at Anchorage Airport; and working with U.S. and Korean officials to eliminate visa requirements for U.S.-bound Korean travelers. For the Alaska Railroad Corporation, the Korea contractor's efforts include: providing intelligence</p>		

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
<p>and assistance, where needed, to support the shipment of Alaska coal to Korea; and marketing Alaska and the Alaska Railroad as a tourism destination to Korean travelers and travel professionals. The Anchorage International Airport and the Alaska Railroad Corporation are providing \$20.0 additional Interagency Receipts funding for these services.</p>		
<p><u>Eliminate Juneau Mining Development Specialist</u> In order to meet budget reduction requirements, the division's Juneau mining and minerals development specialist position is being eliminated. The division has two mining and mineral development specialists, the other is based in Fairbanks. Since the Fairbanks position serves as the division's only Fairbanks representative, the Juneau position is being eliminated.</p>	(82.7)	(82.7)
<p>The Fairbanks mining and minerals development specialist will have to absorb the responsibility as the lead staff to implement the mining and minerals recommendations of the Marketing Alaska initiative. Other division staff will be reassigned to fulfill special economic development or transportation project assignments on an as-required basis.</p>		
<p><u>Community Development Quota (CDQ) Program</u> DCED, ADF&G and DCRA jointly administer the CDQ program. It is the responsibility of this multi-agency team to insure that CDQ groups comply with state and federal CDQ regulations and that they conform to the development plans submitted and approved by the state and federal governments.</p>	0.0	23.5
<p>The Department of Community and Regional Affairs is providing more Interagency Receipts funding for DCED's participation in the CDQ Program.</p>		
<p><u>Division of Tourism</u> <u>Reduction of Alaska Film Program</u> This action eliminates one position in Anchorage (Development Specialist II) and reduces contrac-</p>	(157.3)	(157.3)

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
--------------------	---	--------------

tual spending on film promotion from \$123.4 to \$50.0.

Eliminating this position and much of the associated funding for the Film Office will reduce the state's ability to respond to industry inquiries as comprehensively and quickly as we now do. Execution of some elements of the current film promotional program would be carried out by Juneau-based Division of Tourism staff members, using the remaining \$50.0. Program elements maintained would include trade publication advertising, participation in two to three Location Scouting expositions, and hosting of several in-state location scouts and product development trips for producers.

A significant reduction in service will occur in support provided within Alaska to Alaskan film companies and to outside film companies needing assistance once they are in the state. Our approach to this reduced service level would be to pass that responsibility on to local destination marketing organizations, much the same as we do currently when handling tour operators. We also anticipate that Alaska's home film industry has now grown to a point that it needs significantly less direct support than in the past. Many private companies now provide services substantially similar to those provided by the Film Office during FY96 and before. As with all of our tourism promotional efforts, we will confine our work to those activities that are not or cannot be done by the private sector or community-based destination marketing organizations.

Publications Technician Services

0.0 6.1

The department's Publication Technician II provides graphic services for all of the line agencies within the department.

The agencies that will contribute to the cost of this position are Division of Insurance, Division of Occupational Licensing, Division of Investments, and the Division of Banking, Securities, and Corporations.

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
<p><u>Alaska Marine Highway System</u> In FY 97, two Reimbursable Service Agreements (RSA) were established between the Division of Tourism and the Alaska Marine Highway System (AMHS). One represents a 10% commission on AMHS bookings made by Division of Tourism staff at the Tok Visitors Center. This pilot program, started in mid-July of 1996, netted nearly \$9,000. We're anticipating that a full season's booking cycle will result in commissions of \$25,000.</p> <p>The second is as a result of the revised Tourism North program, one element of which is to include the summer AMHS schedule in the publication North! To Alaska. The overwhelming majority of AMHS schedules to be distributed will be contained in this publication. The AMHS contribution to the printing cost of this publication will be \$50,000.</p>	0.0	75.0
<p><u>"Marketing Alaska's Cultural Resources" Support to DTD</u> The Division of Tourism's Development Specialist II has been working with Division of Trade and Development (DTD) staff on the "Marketing Alaska's Cultural Resources" project since October 1996. This project is funded through DTD's federal EDA grant. The project entails working with communities and community leaders throughout Alaska to identify and assess the state's cultural resources and to develop strategies to develop the state's cultural assets into viable economic resources. The project will wrap up by the end of September 1997. DTD is providing Interagency Receipts funding for these services.</p>	0.0	20.0
<p><u>AK Tourism Marketing Council</u> <u>Television Advertising Enhancement</u> This increment adds \$200.0 in General Funds and \$66.7 in Designated Program Receipts.</p> <p>Under the FY 98 base advertising budget ATMC's network cable television efforts would remain minimal at best -- with approximately 9 weeks, using 6 networks (CNN, Discovery/The Learning Channel, TBS/TNT, The Travel Channel) spending \$681,400 generating 128,617,000 gross impressions.</p>	266.7	266.7

PROGRAM CHANGES

<u>Description</u>	<u>GF, GF/PR & Des Prog Rec</u>	<u>Total</u>
<p>This increment will increase our network cable television advertising 5 weeks, using roughly 7 networks, garnering an additional 72,660,291 gross impressions.</p>		
<p>AK Seafood Marketing Institute <u>Federal Market Access Program</u></p> <p>This decrement reduces Federal Receipts for the Market Access Program (MAP) to \$3.5 million to match the anticipated FY98 award of \$3.0 to \$3.5 million.</p> <p>The federal MAP funds finance Alaska's seafood marketing activities in the United Kingdom, European Union, Japan, Australia, Hong Kong, China, and Taiwan.</p>	0.0	(1,500.0)
<p>AK Science and Technology Foundation <u>Pass-Through Federal Funding</u></p> <p>ASTF receipt authority to pass-through federal funding from the U.S. Department of Energy, Sandia National Laboratory to an ASTF grantee, Hybrid Renewable Microgrid Power Plant, ended in FY 97.</p>	0.0	(125.0)

**DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
Phone Contact List**

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Commissioner's Office	
William L. Hensley, Commissioner.....	465-2500
Jeff Bush, Deputy Commissioner	465-2500
Veronica Slajer, Special Assistant.....	465-2500
Administrative Services	
Guy Bell, Director	465-2505
Banking, Securities & Corporations	
Willis Kirkpatrick, Director	465-2521
Trade & Development	
Debby Sedwick, Assistant Commissioner	269-8110
Tom Lawson, Lead Development Specialist-Juneau.....	465-2162
Bennett Brooks, Lead Trade Specialist-Anchorage.....	269-8110
Insurance	
Marianne K. Burke, Director	465-2515
Investments	
Martin Richard, Director	465-2510
Measurement Standards	
Edward Moses, Director.....	345-7750
Occupational Licensing	
Catherine Keardon, Director.....	465-2534
Tourism	
Tom Garrett, Director	465-2012

Independent Agencies

AK Aerospace Development Corporation

Pat Ladner, Executive Director 561-3338

AK Energy Authority

D. Randy Simmons, Executive Director 269-3000

<u>Agency/Contact</u>	<u>Phone</u>
AK Industrial Development and Export Authority	
D. Randy Simmons, Executive Director	269-3000
AK Public Utilities Commission	
Robert A. Lohr, Executive Director	276-6222
AK Railroad Corporation	
James B. Blasingame, VP Corporate Affairs	265-2680
AK Science and Technology Foundation	
James N. Kenworthy, PhD, Executive Director	272-4333
AK Seafood Marketing Institute	
Art Scheunemann, Executive Director.....	465-5560
AK Tourism Marketing Council	
David Karp, Executive Director	269-8180

Agency

Overviews:

Law; DPS;

DOC

HFIN

FILE

HOUSE FINANCE COMMITTEE
JANUARY 23, 1997
1:35 P.M.

TAPE HFC 97 - 7, Side 1, #000 - end.
TAPE HFC 97 - 7, Side 2, #000 - end.
TAPE HFC 97 - 8, Side 1, #000 - end.
TAPE HFC 97 - 8, Side 2, #000 - #196.

CALL TO ORDER

Co-Chair Mark Hanley called the House Finance Committee meeting to order at 1:35 p.m.

PRESENT

Co-Chair Hanley	Representative Grussendorf
Co-Chair Therriault	Representative Kohring
Representative Davies	Representative Martin
Representative Davis	Representative Moses
Representative Foster	Representative Mulder

Representative Kelly was not present for the meeting.

ALSO PRESENT

Jerome Komisar, President, University of Alaska; Wendy Redman, Vice-President, Legislative Liason, University of Alaska; Bruce Botelho, Commissioner, Department of Law; Fred Fisher, Director, Division of Administrative Services, Department of Law; Ron Otte, Commissioner, Department of Public Safety; Ken Bischoff, Director, Division of Administrative Services, Department of Public Safety; Margaret Pugh, Commissioner, Department of Corrections; Bob Cole, Director, Division of Administrative Services, Department of Corrections.

SUMMARY

DEPARTMENT OVERVIEWS:

University of Alaska
Department of Law
Department of Public Safety
Department of Corrections

(Copies of log notes, meeting tapes and handouts will be on file with the House Finance Committee Secretaries until after the 20th Legislative Session. Contact #465-6814 or #465-2378. After the 20th Legislative Session, log notes, meeting tapes and handouts will be located at the Legislative Library, #465-3809.)

University of Alaska
FY98
Operating and Capital Budget Request
January 13, 1997

Prepared by the
Statewide Budget Office
Marylou Burton, Director 474-7593
Betty Dupee, Budget Analyst
Phillip Harrington, Budget Analyst
Diane Robinson, Budget Technician

University of Alaska FY98 Operating and Capital Budget Request

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University of Alaska FY98 Operating and Capital Budget Request

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Office of the President

UNIVERSITY OF ALASKA STATEWIDE SYSTEM

202 BUTROVICH BLDG
FAIRBANKS ALASKA 99775-5560
PHONE: 474-7311
FAX: 474-7570

January 13, 1997

Dear Alaska Legislator:

On behalf of the Board of Regents, I am pleased to submit the University of Alaska's FY98 budget proposal for your consideration.

The major task of the University of Alaska is to provide the residents of this state academic and technical programs of demanding quality and significant purpose. This has always been its mission, but it is a mission that has been made more difficult by the serious decline in State resources being invested in the peoples' education, and by the growing needs of post-secondary education for faculty of advanced skill and equipment of ever more sophisticated design.

The goals and objectives necessary to accomplish the University's primary purpose underlie this budget request. The request also contains specific performance measures that the University has set for itself for the next three years.

The University has taken and continues to take the actions necessary to maintain the quality of its programs while minimizing its dependence on State general funds. The most significant of these actions is the University's FY95 program assessment process, in which the University identified a wide variety of administrative and programmatic changes to improve the efficiency and effectiveness of its services. This process, which will continue through FY98, is affecting numerous programs in the University through reductions or reorganization. Savings realized through these efforts are being used to help offset fixed cost increases and to meet Board of Regents' priorities such as full funding of annual maintenance needs.

The University also increased its reliance on other funding sources, including student tuition and fees. Since FY91 tuition rates have increased 52% for lower division classes and 67% for upper division classes, and student tuition and fee revenues as a percentage of direct instructional expenditures have grown from 33% to 51%. Tuition rates at the University are now comparable or higher than those for similar institutions in other western states.

UNIVERSITY OF ALASKA

These actions have been limited in their effectiveness, however. Since FY95 when the program assessment process began, State support for the University has been reduced by \$2.2 million. This followed a reduction from the previous fiscal year of \$2.3 million. As a result, any savings resulting from the program assessment review have had to be applied to maintaining basic services and University facilities. Funding for any of the initiatives or enhancements identified during program assessment has been virtually non-existent.

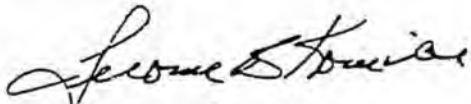
On a similar note, the University can no longer rely on increased revenues from student tuition and fees to offset inflationary increases and declines in general funds. There is growing apprehension that significant increases in tuition rates have contributed to recent downturns in enrollments. This, of course, leads to decreased revenues and begins a downward spiral that ultimately would result in the further erosion of programs.

While the University continues its efforts to become more efficient and less reliant on State funding, it must be recognized that continued decreases in general funds have taken and will continue to take their toll. It is becoming increasingly difficult to meet the Board of Regents', the Governor's, and the Legislature's goals to provide a quality education for Alaskans and promote Alaska jobs and economic development.

This budget proposal realistically reflects the resources the University needs to meet its obligations to the public and to support the priorities of the State. Alaska's population is growing rapidly, and current projections are that the number of high school graduates will increase each year, thereby increasing dramatically the demand for an affordable college education.

Please give this budget request your most serious consideration.

Sincerely,



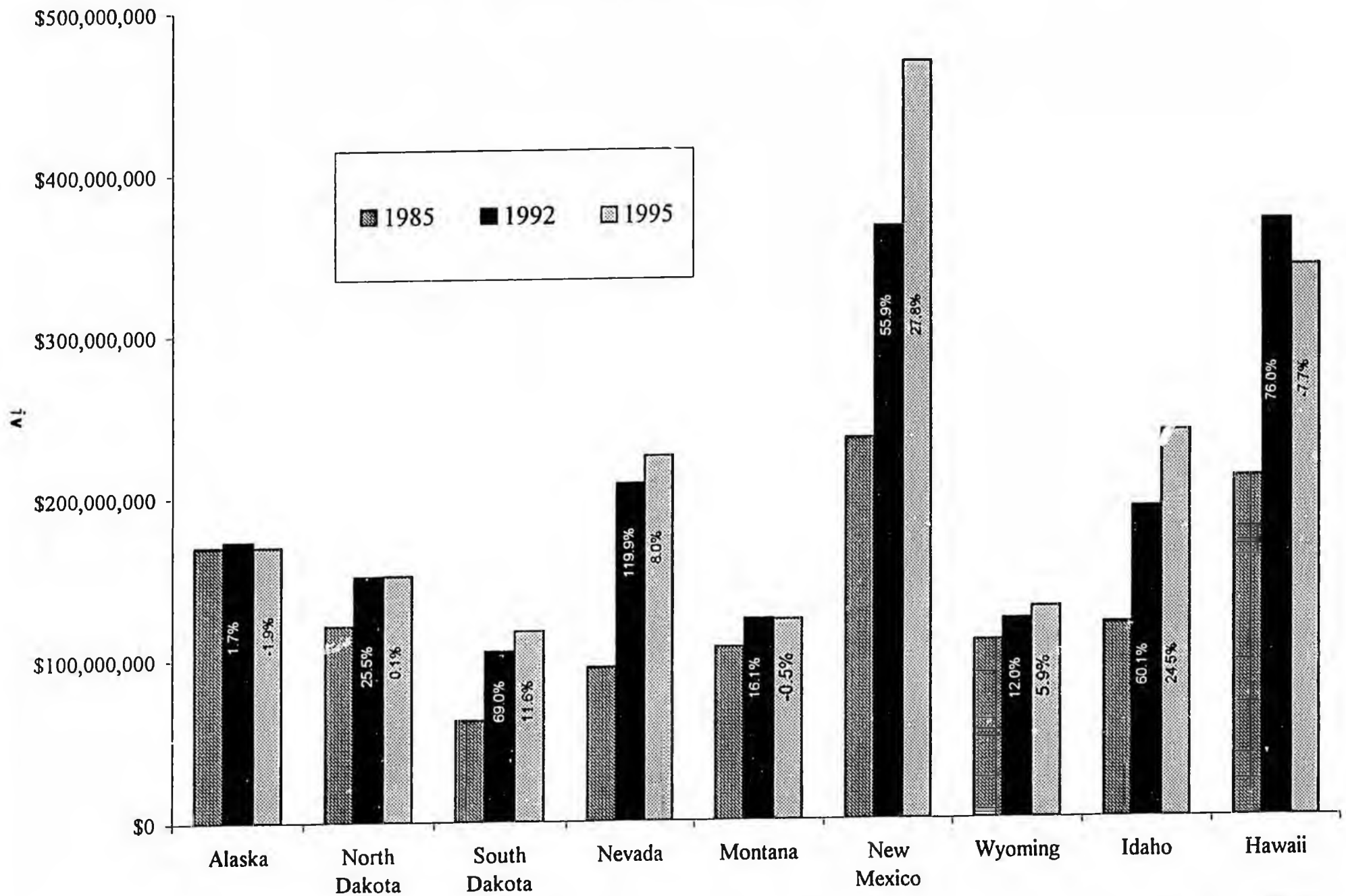
Jerome B. Komisar
President

University of Alaska Systemwide

Executive Summary

	General Fund	Non-General Fund	Total
Operating Budget			
FY97 Authorization			
Conference Committee	165,489.7	267,528.0	433,017.7
Special Session - FY97 Salary Increases	2,183.2	0.0	2,183.2
Total FY97 Authorization	167,672.9	267,528.0	435,200.9
FY98 Increment Request			
Maintain Essential Services	8,035.5	1,197.9	9,233.4
Improve the Quality, Breadth & Accessibility of Academic Programs	3,914.3	567.3	4,481.6
Advance Academic and Fiscal Effectiveness & Accountability	1,904.0	500.0	2,404.0
Support Alaska's Industrial Structure, Economic Development & Cultural Richness	1,549.2	0.0	1,549.2
Contribute To and Help Establish the State's, the Nation's, and the International Research Agenda	300.0	300.0	600.0
Adjustments to Non-General Fund Authority	0.0	7,750.0	7,750.0
FY98 Board of Regents' Request	\$183,375.9	\$277,843.2	\$461,219.1
	General Fund	Non-General Fund	Total
Capital Budget			
Systemwide - Deferred Maintenance/Code Compliance	35,000.0	0.0	35,000.0
Systemwide - Instructional Equipment & Telecommunications	6,000.0	500.0	6,500.0
UAA - Computer Network Improvements	1,500.0	0.0	1,500.0
UAF - School of Fisheries Auke Cape Facility Planning	1,500.0	0.0	1,500.0
UAA - Anchorage Campus Consortium Library Planning	1,400.0	0.0	1,400.0
UAF - UA Museum Planning	500.0	0.0	500.0
UAS - Sitka Classroom Renovation & Completion	1,195.3	300.0	1,495.3
Systemwide - Renovation, Infrastructure & Other Improvements	5,404.7	0.0	5,404.7
Systemwide - Renewal & Renovation Replacement Fund	0.0	5,000.0	5,000.0
Small Business Development Programs	450.0	0.0	450.0
FY98 Board of Regents' Request	\$52,950.0	\$5,800.0	\$58,750.0

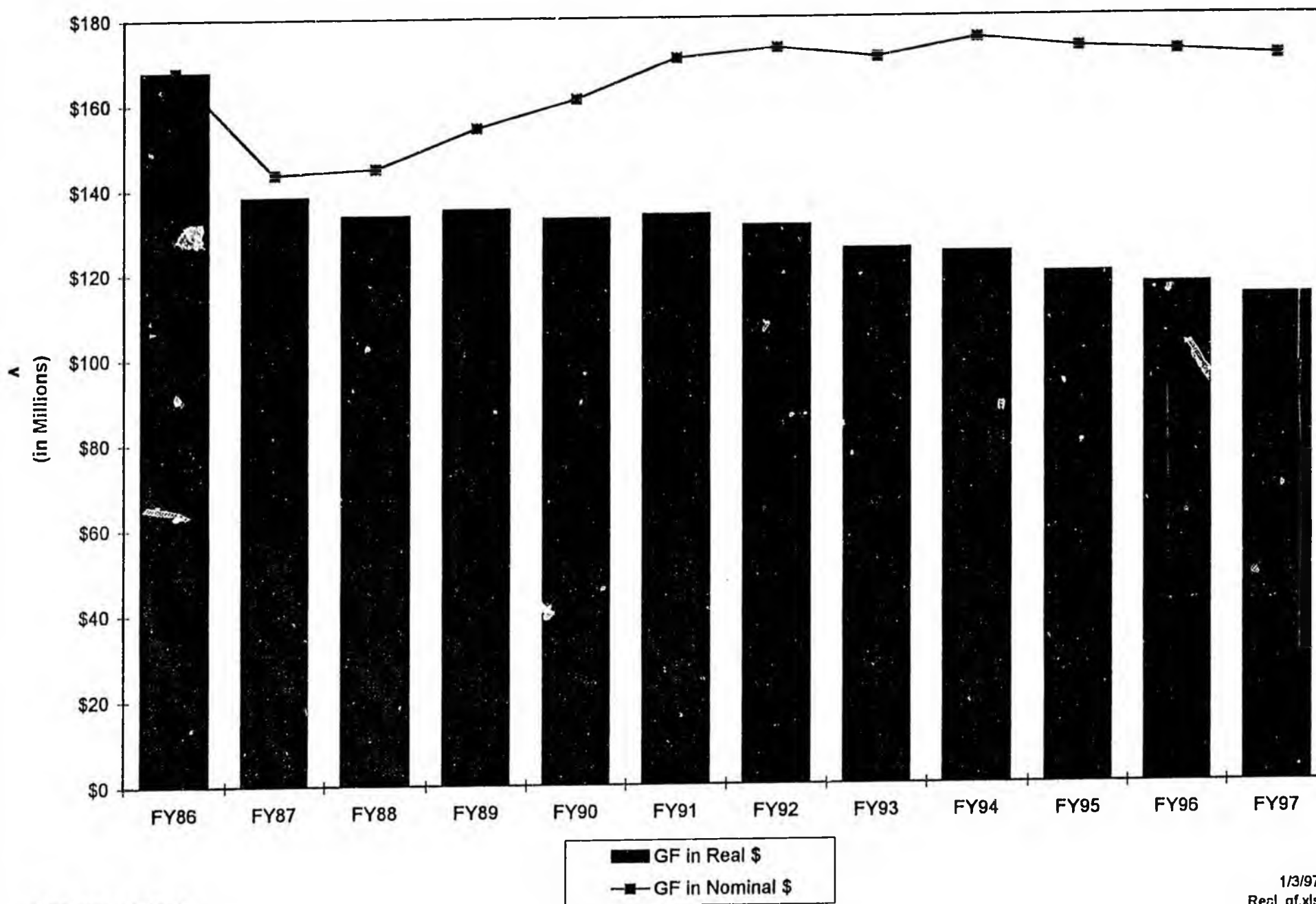
State Appropriations for Higher Education by State



Source: The Chronicle of Higher Education Compiled by Statewide Institutional Research

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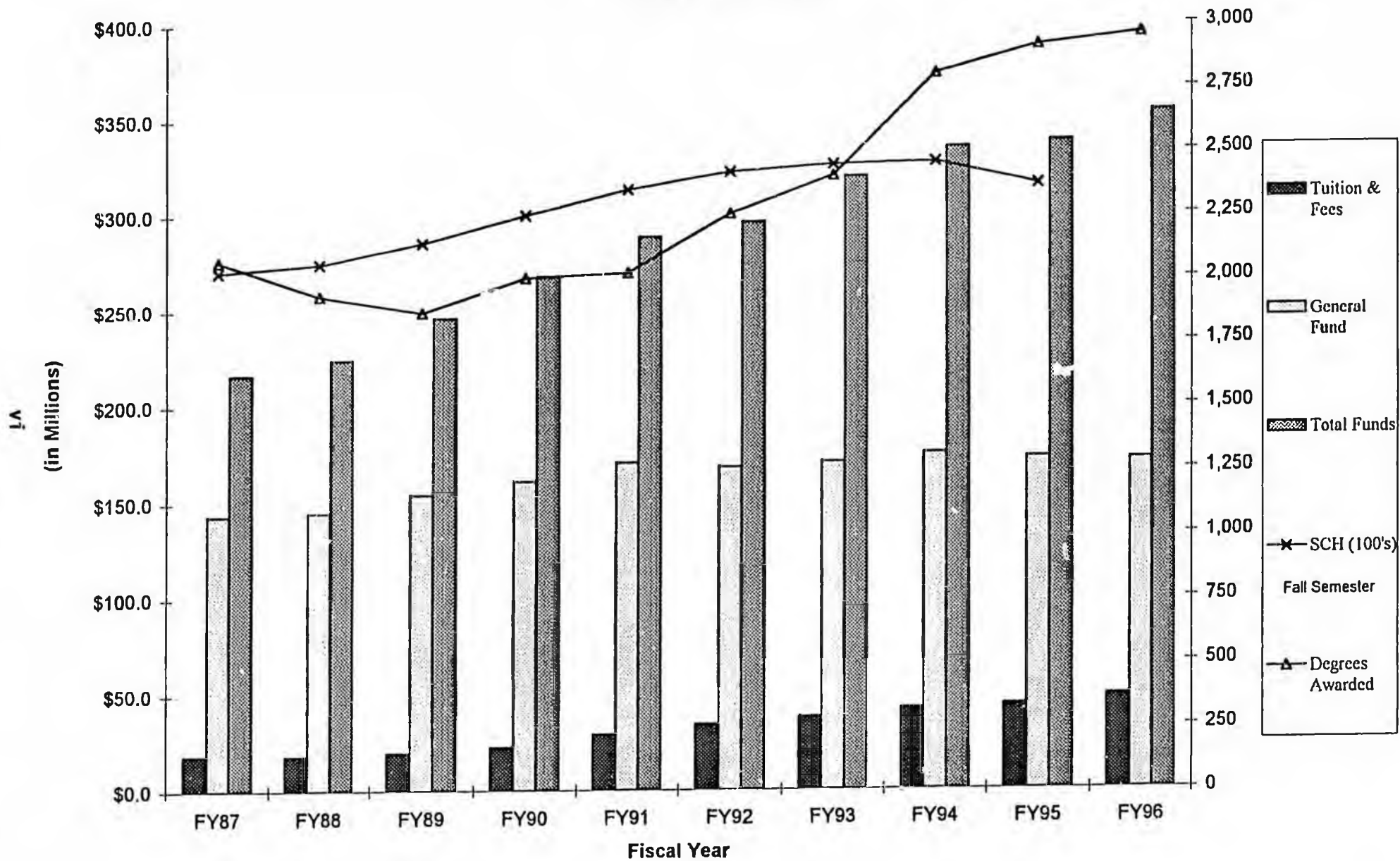
University of Alaska
General Fund Appropriation in Real and Nominal Dollars
FY86-FY97



* GF Includes Sci/Tech

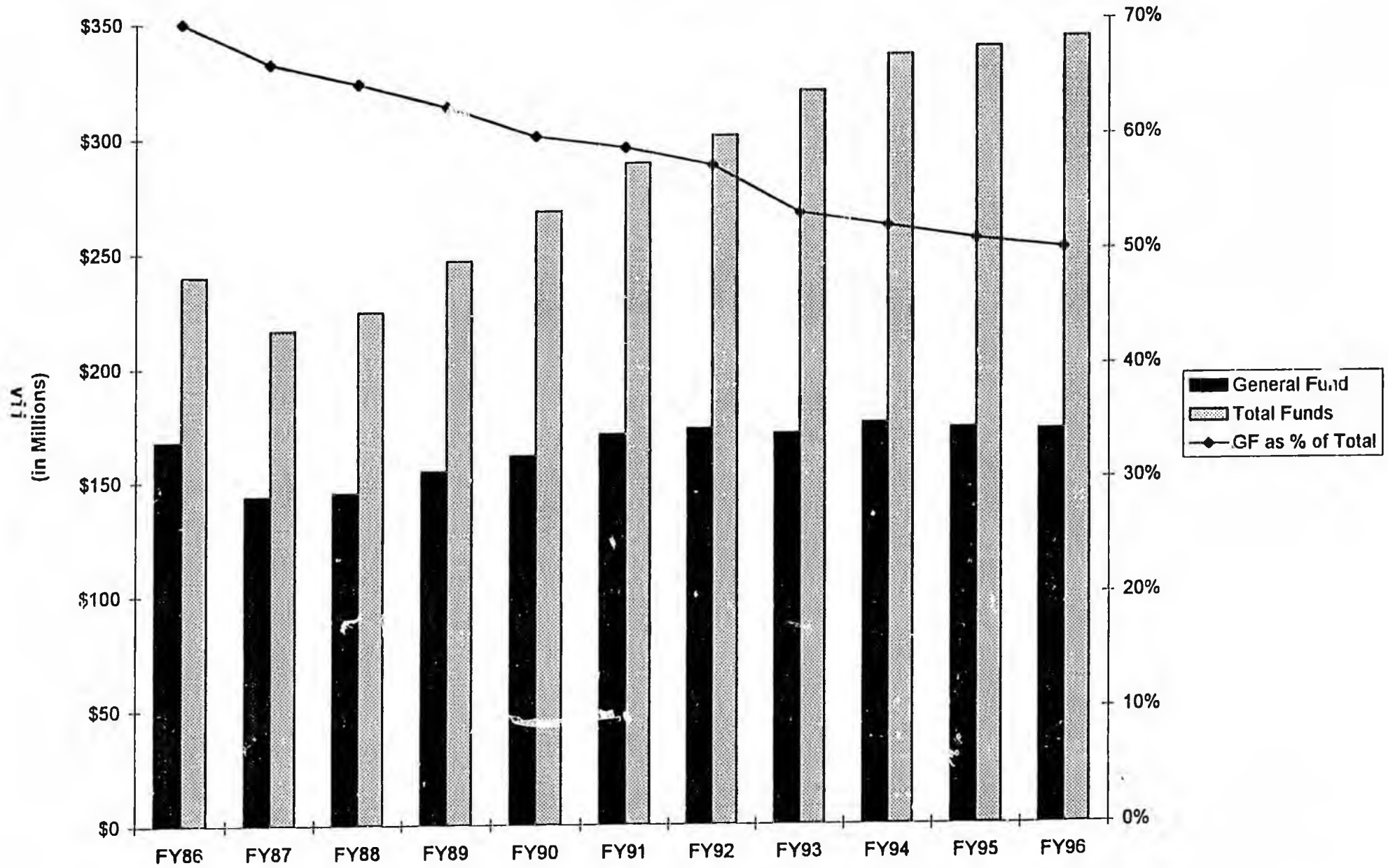
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**University of Alaska
Fund Source Comparison
Actuals FY87-FY96**



* GF includes Sci/Tech; Total funds exclude Intra-Agency receipts.

University of Alaska
General Funds Compared to Total Funds
Actuals FY86-FY96



* GF Includes Sci/Tech; Total Funds exclude Intra-agency receipts

University of Alaska
Actual Revenues by Fund Source
FY91-FY96
(in thousands)

	FY91	FY92	FY93	FY94	FY95	FY96	% Change FY91-FY96
GP/GF Match/GF-MH*	170,434.3	168,105.5	167,409.2	171,815.6	169,513.5	168,680.0	-1%
Federal Receipts	35,191.5	36,169.6	49,190.7	52,140.3	50,826.9	46,795.0	33%
Intra-Agency Receipts	29,835.1	23,276.1	23,716.1	32,485.1	34,834.6	28,422.1	-5%
Interest Income	2,699.5	2,606.7	2,228.2	1,656.0	2,620.5	2,788.7	3%
Auxiliary Receipts	16,323.4	16,949.4	18,959.3	19,400.2	20,408.5	20,344.1	25%
Science/Technology Funds	0.0	0.0	3,000.0	3,000.0	3,119.9	2,900.0	n/a
Student Tuition/Fees	29,076.8	34,209.7	37,904.2	42,318.3	44,281.9	48,965.1	68%
Indirect Cost Recovery	8,698.2	9,454.2	9,118.4	11,359.2	11,204.1	13,401.7	54%
University Receipts	24,557.4	26,728.4	29,543.0	30,296.2	34,080.9	35,682.3	45%
CIP Receipts	1,546.2	1,820.6	2,165.4	3,050.5	2,284.6	2,621.4	70%
Total Revenues	318,362.4	319,320.2	343,234.5	367,521.4	373,175.4	370,600.4	16%

*FY97 GF Authorization = \$167,672.9, a decrease of .6% from FY96

- * From FY91 to FY97 general funds remained relatively flat in nominal dollars, but decreased by approximately 18% in real dollars. State appropriations (including Science and Technology Funds and net of intra-agency receipts) dropped from 59% of total revenues in FY91 to 51% in FY96.
- * From FY91 to FY96 undergraduate tuition rates increased 52% for lower division classes and 67% for upper division classes, and actual student tuition and fee revenues increased 68%. Student tuition and fees as a percentage of total revenues (net of intra-agency receipts) grew from 10% to 14%, and student tuition and fees as a percentage of direct instructional expenditures grew from 33% to 51%.
- * Federal receipts increased 48% from FY91 to FY94, but decreased 16% between FY94 and FY96. Decreases since FY95 occurred primarily in UAF research programs and at the Anchorage Campus, and include reductions to the Polar Ice Coring Office and the American Russian Center.
- * Indirect cost recoveries from federal and other sources increased 54% from FY91 to FY96. This increase is due in part to the increase in federal receipts, as well as to the 45% increase in revenues from state agencies, private industry and other non-federal sources.

**Operating Budget
Request**

The basic mission of University of Alaska is to provide for the post-secondary educational needs of the citizens of Alaska. Several years of declining state support coupled with inflationary pressures has made it increasingly difficult to meet this challenge. The FY98 budget request realistically reflects the variety and extent of resources the university needs to continue its mission and to further the priorities of the State.

The University of Alaska Board of Regents has identified five major themes around which the FY98 operating budget request has been developed. They are:

- **Maintain Essential Services to Ensure Safe and Well-Maintained Facilities, Adequately Compensated Faculty and Staff, and Well-Equipped Library and Student Computer Labs**

The University of Alaska struggles to provide a quality educational environment at a reasonable cost to students in the face of declining state revenues. General fund support has not kept pace with the cost of goods and services, decreasing by \$4.6 million in nominal dollars since FY94 and by over 30% in real dollars since FY86. This has necessitated extensive reallocation among programs to provide basic services and to meet annual maintenance needs, and is slowly eroding the quality of university services. Continued reallocations will necessarily lead to reductions in full-time instructors, library books and periodicals, and course offerings. Funds are requested to help offset the costs of building maintenance and fixed cost increases, provide adequate salaries to attract and retain quality employees, improve support for and accessibility to student computer labs, maintain library resources and meet new demands for library technology and distance delivery, and comply with basic safety and access requirements.

- **Improve the Quality, Breadth and Accessibility of the University's Academic Programs**

⇒ **Address the issues of student retention and graduation rates through changes in curricula, methods of instruction, counseling, advising, and administrative services:** While the University of Alaska has improved its student retention and graduation rates, it continues to fall below rates at similar institutions in other states. The reasons for this are varied, but prominent among them are the limited availability of counseling and advising services targeted at attracting and retaining students, as well as the difficulties students sometime experience in taking the courses they need when they need them in order to graduate in a timely manner. Funds are requested to improve student advising and counseling services to ensure that students are well-informed and better prepared for university life, and for core faculty at specific locations and in specific disciplines to provide degree course work in a sequence that ensures completion in an appropriate time frame.

- ⇒ **Re-emphasize the university's role in community college education through enriched offerings in the technologies and crafts; and by greater use of alternative delivery methods and off-campus sites appropriate for non-traditional students:** The University of Alaska plays a vital role in helping prepare Alaskans to participate in and contribute to Alaska's economy. The community college mission, with its greater access and emphasis on job-related programs, is particularly important in this regard. Funds are requested to enhance this mission, by developing and delivering programs specifically tailored to help Alaskans for the workplace, and by strengthening efforts to attract and prepare non-traditional students for higher education.

- ⇒ **Reconstruct the way courses and programs are delivered with a growing emphasis on technologically enhanced instruction, distance education, self-paced studies and collaborative initiatives:** Advances in telecommunications and computer technology have greatly enhanced the university's ability to provide access to educational programs and to deliver those courses in more efficient and innovative ways. Funds are requested to provide the capacity, training and logistical support for effective utilization of distance delivery equipment and other new technologies, and to develop and deliver distance delivery and other collaborative programs across the university system.

- **Address Academic and Fiscal Effectiveness and Accountability**
 - ⇒ **Develop internal financial, human resource, and student information systems to provide accurate and timely information:** University students, faculty and staff rely on information access and multi-media capabilities to accomplish their roles. Funds are requested to expand networking capability, provide for routine upgrade of core administrative software and hardware, and to provide support to users of the new Banner finance, human resource, and student information systems.

 - ⇒ **Implement and utilize outcome evaluations to improve effectiveness of academic programs and support services, assess student learning, and measure achievement of the institution's mission and objectives:** As students and parents become more critical of the education they are investing in, funding and accreditation agencies are similarly placing greater emphasis on the implementation of a comprehensive educational assessment process for measuring student achievement. Funds are requested to carry out these internal reviews on a routine basis, as well as to respond to deficiencies identified in the outcome evaluation or accreditation process.

- **Support Alaska's Industrial Structure, Economic Development and Cultural Richness**

⇒ **Augment the university's applied research capacity in those fields that tie directly to Alaska's existing and potential industries:** The university plays an important role in conducting and attracting financial support for research that directly benefits Alaska's economic framework. Funds are requested to enhance the university's ability to solicit grants and maintain the basic infrastructure to further research in several key areas.

⇒ **Cooperate with state agencies, local governments, school systems, and the private sector to design joint projects which will substantially increase Alaska's potential:** As general funds decline, cooperative agreements among the government and private sectors become increasingly important. Funds are requested to augment and strengthen these efforts.

⇒ **Renew the university's commitment to diversity and the enhancement of the artistic, cultural and intellectual life of Alaska:** The university's mission includes the study, preservation and promotion of artistic and cultural pursuits. Funds are requested for two such programs.

- **Contribute To and Help Establish the State's, the Nation's, and the International Research Agenda**

The university has capitalized on Alaska's unique relationship with other countries in the Northern Pacific and circumpolar regions to build collaborative agreements that will pay dividends in many ways, including joint business ventures and expanded knowledge. Funds are requested to protect and enhance these mutually beneficial arrangements.

Building the FY98 General Fund Budget Request						
	SYS-BRA	SPS	UAA	UAF	UAS	Total UA
FY97 Authorization						
Conference Committee	0.0	11,567.9	58,957.5	81,729.2	13,235.1	165,489.7
Special Session - FY97 Salary Increases	0.0	95.1	1,049.1	896.9	142.1	2,183.2
Total FY97 Authorization	0.0	11,663.0	60,006.6	82,626.1	13,377.2	167,672.9
FY98 Increment Request						
Maintain Essential Services	2,537.2	213.4	2,350.0	2,574.5	360.4	8,035.5
Improve the Quality, Breadth & Accessibility of Academic Programs	583.0	0.0	2,141.7	725.0	464.6	3,914.3
Advance Academic and Fiscal Effectiveness & Accountability	0.0	260.0	0.0	1,600.0	44.0	1,904.0
Support Alaska's Industrial Structure, Economic Development & Cultural Richness	0.0	0.0	72.5	1,408.0	68.7	1,549.2
Contribute To & Help Establish the State's, the Nation's, & the International Research Agenda	0.0	0.0	300.0	0.0	0.0	300.0
Total Increment Request*	3,120.2	473.4	4,864.2	6,307.5	937.7	15,703.0
FY98 Total General Fund Request	3,120.2	12,136.4	64,870.8	88,933.6	14,314.9	183,375.9

* All general fund increments, which total \$15,703.0, are being requested in the Systemwide Budget Reductions & Additions (SYS-BRA) component as shown below. The above schedule illustrates the distribution of these increments among MAUs. General fund increment requests are also summarized on individual campus pages.

Current and Proposed Revenue Sources												
Fund Type	SYS-BRA**		SPS		UAA		UAF		UAS		Total UA	
	Adj.Base*	Growth	Adj.Base*	Growth	Adj.Base*	Growth	Adj.Base*	Growth	Adj.Base*	Growth	Adj.Base*	Growth
GF/GF Match/GF MH		15,703.0										
Science/Technology Funds												
Federal Receipts		214.8		300.0		15,012.7		60,850.1	(10,000.0)		1,299.5	
Intra-Agency Receipts				8,021.7	(500.0)	5,862.8	(1,000.0)	29,196.0	(5,500.0)		720.4	
Interest Income		10.2		2,781.4		100.0		100.0			20.0	
Auxiliary Receipts		52.4				9,002.6		12,622.4	1,000.0		2,824.2	(200.0)
Student Tuition/Fees		946.2				29,091.0	1,500.0	18,611.2	2,050.0		4,818.7	350.0
Indirect Cost Recovery		172.9		1,530.0	500.0	3,700.9	100.0	10,788.3	3,500.0		245.5	50.0
University Receipts		1,136.5		4,404.8		14,545.6	1,000.0	22,867.4	13,900.0		2,632.9	400.0
CIP Receipts		32.2				1,170.6		1,592.8	500.0		164.5	100.0
Total	0.0	18,268.2		28,700.9	0.0	138,492.8	1,600.0	241,904.3	5,450.0		26,102.9	700.0

* FY98 Adjusted Base excludes Governor's base adjustments, which were subsequently offset by a Governor's unallocated reduction.
 ** All general fund increments, including associated non-general fund authority, are being requested in the Systemwide Budget Reductions & Additions (SYS-BRA) component. Distribution of these increments among MAUs is illustrated above and on the campus detail pages. Increments or decrements that affect only non-general funds are being requested at the campus component level as appropriate.

University of Alaska Systemwide

FY98 Operating Budget Request Request Detail

- **Maintain Essential Services to Ensure Safe and Well-Maintained Facilities, Adequately Compensated Faculty and Staff, and Well-Equipped Library and Student Computer Labs**

⇒ **Provide Safe and Well-Maintained Facilities \$3,940.0 GF**

Student retention is influenced by many factors, not the least of which is providing a learning environment that is safe, comfortable and well-maintained. Recognizing this, the Board of Regents has directed that more resources be applied to maintaining university facilities. In accordance with this policy, university units have reallocated over \$3.5 million since FY94 to building maintenance and are committed to meeting the Board's schedule to fully fund maintenance, renewal and replacement requirements by the end of FY2001. However, given the size of the remaining maintenance budget deficit it is becoming increasingly difficult to reallocate funds from existing resources without affecting other important programs. Estimating conservatively, the university will reallocate over \$4 million in FY97 and an additional \$4-\$5 million in FY98 for building maintenance and other fixed cost increases, excluding personal services. This shift in resources will necessarily impact all areas, including administration, instruction and the library, and will inevitably result in reduced services to students and the public. This increment requests a permanent increase of \$3,044.6 to the operating base, which is the incremental amount that university units are scheduled to reallocate to building maintenance in FY98 in order to meet the Board's FY2001 target. It also requests \$895.4 for fixed cost increases for basic services such as leases, utilities, custodial, licensing and fuel, as well as operating costs for the newly completed Aviation Complex in Anchorage.

⇒ **Provide Adequate Compensation to Attract and Maintain Top Quality Faculty and Staff.....\$2,537.2 GF/ \$1,197.9 NGF**

The quality of university services is directly affected by the university's ability to attract and retain top quality employees. To do this, the university must offer salaries that are competitive and internally equitable. However, the university is also keenly aware of its budgetary constraints and has implemented pay practices that are intended to be more cost efficient in the long run. For example, the university has implemented co-pay provisions into its health care package and is currently working on other cost control measures including a flexible benefits plan. In FY94 the Board of Regents also suspended "across-the-board" salary increases and directed a comprehensive review of current pay practices. This led to the adoption in FY95 and implementation in FY97 of a staff salary schedule which provides for an orderly career path while also establishing maximum salaries for any given level. This schedule imposes a structure around hiring and pay practices to ensure a more equitable and consistent treatment of university employees, and is also responsive to budgetary concerns. A comparison of certain "benchmark" positions with comparable positions in state agencies, for example, indicates that the university staff hourly salary schedule is well below state hourly salary schedules currently in use. In FY96 the Board of Regents also implemented a performance-based compensation plan for non-covered faculty. This plan provides for an annual "pool" equal to 2.6% of base salaries to be established and used for

promotions, equity adjustments and objectively measured performance. The plan does not include any "automatic" increases for longevity. In spite of these and similar efforts, however, personal services costs continue to increase along with the other costs of providing services in today's economy. The fact of the matter is that the university cannot continue to absorb increased salary costs while still maintaining existing personnel and services.

This increment requests funding to help offset the cost of FY98 salary increases. Because of the university's increasingly complex labor environment (the university now has three covered and two non-covered employee groups, each of which brings its own set of salary and legal issues), the request is broken out by each of the university's major employee groups as described below.

Professional/Technical/Clerical (non-covered): These non-covered staff include approximately 2,000 budgeted positions and are covered by the new staff schedule. Except for minor adjustments to bring salaries in line with appropriate steps, employees in this group received no salary increases of any kind during FY95 or FY96. The new salary schedule was implemented in FY97, and employees will receive step increases as appropriate on their anniversary dates. This increment includes \$1,370.4 in general funds (\$1,897.2 total funds) to cover the costs of similar adjustments in FY98.

United Academics (covered): This faculty group was newly formed in FY96 and includes approximately 900 budgeted positions. United Academics is in the process of establishing its organizational structure and contract negotiations are still in the preliminary stage. Because no contract has been agreed upon, the group continues to be covered by current Board of Regents' policy which establishes a fixed amount to be used for performance-based salary increases as described above. That plan became effective January 1996 (no salary increases were granted in FY95 and the first half of FY96), and will be continued in FY97 and thereafter until such time as the policy is revised or a contract is negotiated. This increment includes \$936.6 in general funds (\$1,604.7 total funds) to cover the costs of this plan in FY98, and will be amended as necessary if a contract is negotiated before that time.

Classified Employees Association (CEA) (covered): This group includes approximately 260 budgeted positions and is covered under a collective bargaining agreement that went into effect in FY95. The CEA agreement is tied to the staff salary schedule described above. Funding to implement the monetary terms of this contract retroactive to January 1995 was approved during the 1996 special session, as was funding for step increases for FY97. The Board of Regents' FY98 operating request includes \$230.2 in general funds (\$233.2 total funds) to cover the costs of similar adjustments in FY98. In accordance with past practice and provisions of the CEA contract, these costs are identified and requested separately under the Classified Employees Association component.

Alaska Community College Federation of Teachers (ACCFT) (covered): This faculty group includes approximately 270 budgeted positions and is covered under a collective bargaining agreement that went into effect in

FY92 and expired in FY94 (the contract is currently being renegotiated). At the time that agreement was negotiated Board of Regents' Policy provided for an annual 3% COLA for all employees. That policy was suspended in FY94 but remains in effect for ACCFT employees until such time as a new agreement is negotiated, subject to legislative appropriation as required by the Public Employment Relations Act. The university requested but did not receive funding to cover an FY95 COLA for the ACCFT, and as a result the ACCFT (like other staff and faculty) received no FY95 salary increases. Funding to cover a retroactive FY96 3% COLA for the ACCFT was approved during the 1996 special session, as was funding for a 3% COLA in FY97. Funding to cover FY98 salary increases for the ACCFT is not included in this request at this time because the contract is being renegotiated and the FY98 impact is unknown. However this request will be amended by the deadline for FY98 budget amendments to cover FY98 salary increases for the ACCFT based on such information as is available at that time.

⇒ Improve Support for and Accessibility to Student Computer Labs\$337.3

Understanding and using computing technology has become essential for virtually every profession. Correspondingly, student demand for computer access and up-to-date technology continues to accelerate, as does the need for trained staff to monitor on-going operations of student computer labs. These positions are typically filled by student consultants who assist with a myriad of problems, including creating and restoring user identifications, accessing and using on-line resources, and printing assignments. In the process, these students gain both valuable experience and financial support. Current resources for training and employing these students are limited, however, particularly as the need for extended lab hours escalate and the basic costs of licensing, maintenance and routine software upgrades increase. This increment requests funding for training and hiring additional student consultants. It will also allow increased opening hours for student computer labs, and provide for licensing and upgrade of basic software applications necessary for classroom assignments.

⇒ Maintain Library Resources and Meet New Demands for Library Technological and Distance Delivery Capabilities.....\$1,001.5

Libraries play a vital role in higher education, not merely as repositories and sources of books and periodicals but also increasingly as links to the wider world of knowledge made available through technology. This latter aspect is particularly critical to the success of students on extended campuses or in distance education programs by providing information and resources that would not otherwise be available. However, resources to adequately carry out the libraries' more traditional role or to meet new demands for library technological and distance delivery capabilities are extremely limited. Cost increases for published periodicals, subscriptions and books continue to exceed 10% per year. Inter-library agreements and library network database contracts also are experiencing escalating costs in part due to the additional costs associated with each generation of software. In response to these pressures, the university's libraries have attempted to become as efficient as possible in the delivery of services, outsourcing activities formerly carried out in-

University of Alaska Systemwide

FY98 Operating Budget Request Request Detail

house such as cataloging, classification and loading of electronic records. Nevertheless, these measures are not sufficient to maintain existing library resources let alone to provide the level of services needed in today's educational environment. This increment requests funding to meet basic fixed cost increases for periodicals, books and other library materials. It also requests funding to provide additional support and access to distance education students and faculty through information, library materials, and training in use of electronic resources.

⇒ Meet State and Federal Safety and Access Mandates.....\$219.5

The university has a moral and legal obligation to provide reasonable access and accommodations as defined by the Americans with Disabilities Act of 1990 (ADA), Section 504 of the Rehabilitation Act of 1973, and the Individuals with Disabilities Education Act (IDEA). As public awareness and the number of elementary and secondary students covered by these acts increase, the number of postsecondary students needing special accommodation has similarly increased. This increment responds to the need for specific programmatic accommodations for students experiencing learning or physical disabilities to help them succeed in a university setting and become active participants in the Alaska economy. Funding is requested for resources geared towards accurate assessment, specific learning plans, tutoring support, life skills and career planning, as well as interpreting services and resources to meet federal OSHA and health standards.

• Improve the Quality, Breadth and Accessibility of the University's Academic Programs

⇒ Address the issues of student retention and graduation rates through changes in curricula, methods of instruction, counseling, advising, and administrative services:

*** Provide Degree Course Work in a Sequence that Ensures that Students can Complete Associate, Baccalaureate and Master's Degree Programs in an Appropriate Time Frame.....\$789.6 GF/\$79.2 NGF**

Student retention is directly related to the students' ability to take the courses they need when they need them in order to graduate in a timely manner. The university continues to make progress in providing this very basic service through the innovative use of scheduling and shared resources. Also essential to the ability to provide degree course work in a timely sequence is a cadre of full-time core faculty. This increment requests \$789.6 in general funds to add core faculty at specific locations and in specific disciplines to meet ongoing or growing student demand. Included are: Science and Social Science faculty at Mat-Su College; Science faculty at the Homer Campus; English, Speech, Foreign Language and Geology faculty at the Anchorage Campus; Mathematics faculty at Kenai Peninsula College; Marine Biology, History and Philosophy faculty at the Juneau Campus; and Natural Sciences faculty at the Sitka Campus.

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Request Detail

- * **Improve Student Advising and Counseling Services to Ensure that Students are Well-Informed about the University, Including Major Requirements and Course Prerequisites, Financial Aid Opportunities, Campus Life Activities and Other Aspects of University Life \$784.7 GF/\$5.1 NGF**

The university is committed to making a profound and significant difference to its students and to ensuring their success. This commitment takes many forms. The University of Alaska, Anchorage, for example, is developing a Graduation Guarantee program aimed at increasing student retention and graduation rates. This program will offer serious, goal-oriented freshmen savings in both time and money, and enhance interaction with faculty advisors as the students work toward degree programs. The University of Alaska Fairbanks is increasing its efforts to ensure a secure learning environment and to recruit and retain rural students. The University of Alaska Southeast continues to develop programs to help communities transition to new economic conditions and potential. These efforts all require professionally trained counselors and advisors to help students adjust to the university environment, apply for financial aid, plan their educational programs, evaluate career opportunities, and ultimately become productive Alaska citizens. This increment requests funding to enhance these services, and includes advisors and a financial aid consultant at the Anchorage Campus, disciplinary and substance abuse prevention personnel at the Fairbanks Campus, additional counseling services for UAF rural campuses, and a full-time faculty/counselor position at the Ketchikan Campus. This increment also requests funding to strengthen and solidify the Honors Program at UAA. The purpose of this program is to challenge the best and the brightest of university students to expand their accomplishments beyond the borders of the norm.

- ⇒ **Re-emphasize the university's role in community college education through enriched offerings in the technologies and crafts; and by greater use of alternative delivery methods and off-campus sites appropriate for non-traditional students:**

- * **Develop and Deliver Programs Specifically Tailored to Help Prepare Alaskans for the Workplace..... \$895.7 GF/\$343.0 NGF**

The university contributes to Alaska's economic well-being in many ways, but one of the most obvious is by helping Alaskans prepare for and get jobs. The university has developed several courses and programs tailored specifically to meet the vocational or training needs of Alaskans, and is continually seeking partnerships with local communities and business to respond to changing economic development requirements. This increment requests \$895.7 in general funds to strengthen these efforts, and includes the following:

- \$62.0 for a Applied Science in Industrial Technology faculty position at Prince William Sound Community College. This program attracted 2,500 students during the 1995-96 academic year, with training geared towards safety management, oil spill response and electrical power generation.

- \$154.5 for development of a Physicians' Assistant program at UAA. Currently, basic primary care and health education services are provided by health aides in rural villages. While these aides play a vital role in the health care of rural Alaskans, they are not trained to provide more sophisticated medical needs. Moreover, there are neither sufficient funds nor trained people to fill this role, and the turnover rate is approximately 14%. UAA is working with the University of Washington School of Medicine and the WAMI program at UAA to develop a program to train physicians' assistants to enhance health care services in rural Alaska.
- \$68.9 for a Human Services faculty position at the Anchorage Campus. This will extend the program's ability to prepare students to work with people experiencing developmental physical disabilities, and to meet the paraprofessional needs of rural communities.
- \$100.0 to expand UAA's Family Nurse Practitioner Program to rural Alaska. These initiatives will enable students to take advantage of clinical learning experiences in non-Anchorage sites, increasing the likelihood that students will remain in their home communities following graduation.
- \$74.1 for a Dental faculty position at the Anchorage Campus. UAA offers the only dental hygiene program in the state and is a high demand and highly successful field. This will bring the university into compliance with statutes and accreditation standards that require a licensed dentist to supervise dental hygienic services.
- \$120.0 to develop an Associate Degree in Occupational Safety program at UAA. Currently, no degree or certificate program for prospective or practicing safety professionals is available in Alaska. Originally suggested by local safety professionals and employees involved with occupational safety, this program will be geared to satisfy specific training needs of government agencies, insurance companies, consulting firms, and the construction, mining, petroleum, chemical and utility industries.
- \$36.5 for an Environmental Science faculty position at the Juneau Campus. UAS' unique location and relationship with federal and state agencies that work on environmental issues, coupled with growing career opportunities in environmental science related fields, has increased the demand for this program. This position will be partially funded by related Alaska industries.
- \$29.7 for a Health Care faculty position at the Ketchikan Campus. In response to demand for health care programs geared towards job-entry and job-upgrade, the Ketchikan Campus has broadened offerings to include a paramedic program, a certified nursing assistant program, a re-certification continuing program for nurses, and is working with UAF to deliver the Health Services Technician program locally. This position will reduce the reliance on adjunct faculty resources and will be partially funded by the Ketchikan Gateway Borough.
- \$250.0 to establish a systemwide Business and Industry Response Fund. This fund will be used to support the university's rapid response to the training needs of Alaska business and industry as such needs emerge.

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*** Strengthen Efforts to Attract and Prepare Non-Traditional Students for Higher Education.....\$281.9 GF/\$10.0 NGF**

Alaska has a diverse population, and part of the university's role is to help transition non-traditional students into higher education and productive employment. In some instances this involves working with local communities and high schools to better prepare students for the discipline and social pressures of an urban university environment. In other instances this involves working with adults who are in need of retraining or additional skills. This increment requests funding for two such efforts. The first is an initiative sponsored by UAF to encourage Alaska Natives' enrollment in science and engineering. The UAF Rural Alaska Honors Institute (RAHI) for rural high school students has demonstrated that the majority of its graduates attend college and earn degrees. This initiative will recruit 10 additional rural students for an intensive summer study of physics and chemistry. By stimulating the science interests of Alaska Native high school students, UAF hopes to increase Native Alaskans' representation in these professional arenas. This increment includes \$100.0 in general funds for this effort. The second is an initiative sponsored by UAA to increase resources for its Adult Learning Center, as well as to strengthen its ability to train Adult Education professionals. The Adult Learning Center, in response to work force demands, is developing and implementing two School-to-Work programs; one for summer school and another for the unemployed in need of retraining or additional skills. The Center has granted more high school diplomas than any school within Alaska for nearly thirty years and continues to serve more than 1,200 students per year in its High School Diploma, English-as-a-Second Language, and General Education Degree (GED) programs. This request includes \$68.9 for an additional full-time faculty position to help meet the backlog of demand for these programs. This request also includes \$113.0 to strengthen UAA's ability to train Adult Education professionals through its Adult Education Master's Degree program.

⇒ Reconstruct the way courses and programs are delivered with a growing emphasis on technologically enhanced instruction, distance education, self-paced studies and collaborative initiatives:

*** Provide Increased Student Access Through the Use of Technology-Enhanced Delivery of Courses and Programs..... \$1,040.4 GF /\$115.0 NGF**

Advances in telecommunications and computer technology have had and will continue to have a profound effect on all aspects of our lives, including education. In particular, technology has greatly enhanced our ability to provide access to educational programs and to deliver those programs in more efficient ways. The benefits of this in Alaska with its dispersed communities, most of which are not connected by roads, are obvious. This increment requests funding for several enhancements designed specifically to provide greater access and efficiencies through the use of technology-enhanced delivery of courses and programs. They include:

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- \$143.0 to UAA to develop the capability to transmit a second audio and/or data channel through the FM radio station and add captioning to cable access channel 42; establish a means for campuses to digitize, edit and provide international standards format conversion for video and multimedia; provide for ten additional technologically enhanced "smart classrooms"; and hire additional student work pool, instructional development specialist and technician support for instructional technology and distance learning activities.
 - \$350.0 to UAF to provide faculty and staff training in effective utilization of distance delivery equipment and other new technologies associated with distance delivery; support a staff position to oversee network administration and planning, as well as several internships for engineering and/or computer science students to learn network management through real life experiences and gain valuable employment skills; and fund key software and hardware associated with network management.
 - \$214.4 to UAS to develop and deliver a Bachelor of Business Administration degree to extended site campuses and other remote locations within Alaska; provide faculty, staff and student training and logistical support in distance delivery programs; and to upgrade or replace obsolete software and equipment.
 - \$330.0 for a fund to be coordinated by the UA Learning Cooperative and used for the development and coordination of systemwide distance education initiatives, including audio- and video-conferencing, computer conferencing and telegraphic, development of new courses to be offered at multiple locations, and other methods of non-traditional distance delivery aimed at increasing student access statewide. This increment also includes funds to allow greater access to faculty, staff and student governance through audio- and video-conferencing as well as student labor pool to assist with critical internet upgrades and governance projects.
- * **Expand Collaborative Initiatives Between Disciplines and Campuses for Richer and More Efficient Program Offerings.....**
\$122.0 GF /\$15.0 NGF

The university continues to pursue efficiencies by intercampus and interdisciplinary collaboration. These collaborative programs allow greater access to and diversity of the university's programs at very little additional cost. This increment requests \$122.0 in general funds for additional faculty and support for the three programs described below:

- The UAA School of Engineering currently offers an undergraduate degree in Civil Engineering, but does not offer degrees in either Electrical or Mechanical Engineering. Potential students, many of whom are unable to attend school in another location, continually inquire about the availability of these other programs. To better serve these students, the Anchorage School of Engineering has reached a tentative agreement with the Electrical and Mechanical Engineering programs at UAF that will allow the Anchorage Campus to offer the first two years of the undergraduate Electrical

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Engineering and Mechanical Engineering programs. Participants will then transfer to the Fairbanks Campus to complete the junior and senior years of the degree programs.

- The university currently offers two Master of Public Administration (MPA) programs, one at the Anchorage Campus and the other at the Juneau Campus. This past year both campuses have undergone organizational restructuring which encourages the coordination of the delivery of the two programs. This will be accomplished by developing and implementing a joint UAA/UAS strategic plan for the professional master's degree programs and evaluating the existing MPA programs from a statewide perspective for program mission, program jurisdiction, curriculum, faculty, admission of students, student services, supportive services and facilities and off-campus programs.
- UAA is capitalizing on the university's small size to develop a multidisciplinary Environmental Study program. This program is designed to give students the broader knowledge needed to understand the complex issues of balancing resource development and environmental concerns, and will combine resources from several disciplines, including biology, economics, ecology, chemistry, engineering and others.

• Address Academic and Fiscal Effectiveness and Accountability

⇒ **Develop internal financial, human resource, and student information systems to provide accurate and timely information**
.....\$1,360.0 GF/\$500.0 NGF

University students, faculty and staff rely on information access and multi-media capabilities to accomplish their roles. This need crosses all areas of the university, including research, administrative, distance delivery and other academic arenas. Expanded networking capability is essential to avoid overloads, transmission delays, and the restriction or exclusion of new technologies. Routine upgrade or replacement of core administrative software and hardware is also necessary to keep pace with changing industry standards and university needs, as is upgrade of academic and administrative desktop equipment. This increment requests funding to help meet these needs, and includes: \$260.0 to provide additional bandwidth to support distance delivery and information demands from the new Banner Student Information (SIS) which will come on line in FY98, as well as a support position to provide analysis, planning, documentation and training to users of SIS and other new administrative computer systems; \$800.0 to implement negotiated vendor agreements which will provide for regular upgrades of core systems at a reasonable cost; and \$300.0 to fund organizational and technological changes within the enrollment and record-keeping functions of the university to maximize efforts to enhance enrollment management, including student recruiting and retention. In addition, \$500.0 of university receipt authority is requested to allow receipt of payments for video and audio-conferencing, internet access and other services provided to external users.

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- ⇒ **Implement and utilize outcome evaluations to improve effectiveness of academic programs and support services, assess student learning, and measure achievement of the institution's mission and objectives.**
\$544.0 GF

Postsecondary education is one of the most important investments that a person can make in his or her future. It is also a fairly expensive investment. Not surprisingly, students, parents and funding agencies have become increasingly critical of the quality and efficiency of the education they are investing in. One means of measuring these factors is by outcome evaluations. However, outcome evaluations are more than report cards by which the public can measure such things as student retention and graduation rates to determine how well an institution is doing. By providing a structured process for evaluating programs, identifying areas that need improvement, and then implementing measures to make those improvements, the outcome evaluation itself helps ensure that the grade on the report card is satisfactory. For these reasons, universities and accreditation agencies are placing increasing emphasis on the implementation of a comprehensive educational assessment process for measuring student achievement. This increment requests funding for personnel and data processing resources to carry out this process on an ongoing basis. Closely related to outcomes evaluations is the more encompassing accreditation process. Accreditation, especially for the professional schools, is critical for maintaining academic credibility of programs among students and their parents. For example, UAF is presently working towards remedying equipment deficiencies identified by the Accreditation Board for Engineering and Technology, and is anticipating five more accreditation visits for engineering, journalism and teacher education programs during 1996-97 which are likely to identify more deficiencies. This increments requests funding to correct those deficiencies.

- **Support Alaska's Industrial Structure, Economic Development and Cultural Richness**

- ⇒ **Augment the university's applied research capacity in those fields that tie directly to Alaska's existing and potential industries**
\$708.0 GF

The university plays an important role in conducting and attracting financial support for research that directly benefits Alaska's economic framework. Programs such as the Fisheries Industry Technology Center, UAF Engineering Research Laboratory, Alaska Volcano Observatory, and Institute of Arctic Biology contribute directly to research and development of Alaska's resources, and are responsible for attracting millions of dollars in federal and private funding. However, in order for the university to solicit grants and maintain the basic infrastructure necessary to support research activities, a minimum of general fund support is crucial. This increment requests \$708.0 to be applied to the following efforts:

- \$250.0 to add two new positions in seafood engineering and processing system modeling at UAF's Fisheries Industrial Technological Center and to increase opportunities for graduate research in fisheries science and oceanography, food science and engineering. This initiative will provide a high degree of

collaboration and an integrated approach to issues such as developing technologies for shelf life enhancement, the use of fish flesh in market driven seafood products, and helping to advise processors of the efficient streamlining of existing plants and equipment in Alaska.

- \$200.0 to UAF's Engineering Research Laboratory to serve as a match and boost efforts to secure additional non-state funding to expand its basic facilities and to purchase more precise and cost effective testing equipment. As the facility expands, more state needs can be served in areas such as alternative energy sources for remote settings, appropriate technology for communities not supported by normal infrastructure, waste water treatment and solid waste disposal, and oil and gas production technologies.
- \$158.0 to UAF to support microwave communication lines for the Geophysical Institute's Alaska Volcano Observatory and to help maintain the Institute of Arctic Biology greenhouse. UAF has temporarily reallocated funds to provide these basic services, but finds it increasingly hard to do so in light of other fixed cost increases. Funding is requested to cover telecommunication obligations to the Alaska Department of Administration and to fulfill UAF's match commitments to the National Science Foundation.
- \$100.0 to establish a tourism instructional and research program. In recent years Alaska has experienced an exponential increase in tourism, spurring economic growth in nearly all areas of the state. However, organized efforts to collect accurate and informative data for industry and socioeconomic analysis are very limited, particularly in the areas of eco-tourism and Native cultural programs. This initiative will develop a tourism instructional and research program, with courses to be developed in coordination with rural campuses and delivered throughout the region through distance delivery. The academic program will be designed specifically to give job seekers the edge needed to gain entry into this growing industry, and will utilize up-to-date market techniques as well as native Elders' research and knowledge. The program will also include development of a tourism research and information warehouse, which will help firms in the Alaska tourism industry by providing objective information and research data.

⇒ Cooperate with state agencies, local governments, school systems, and the private sector to design joint projects which will substantially increase Alaska's potential.....\$568.7 GF

As general funds decline, cooperative agreements among the university, state and local governments, and the private sector become increasingly important. The university participates in many such arrangements, combining resources and working together to achieve a common goal. The university has a unique resource that has not been adequately tapped, however, and that is its graduate students. These students are highly motivated and knowledgeable, and provide a valuable pool of individuals able to work directly with government agencies and private industry to help solve Alaska's problems. This increment requests \$250.0 in general funds to increase the number of graduate assistantships available, with priority to be given to students whose projects expand knowledge about Alaska issues. This increment also requests \$250.0 to develop the Forest Products Technology Center in partnership with the Alaska Cooperative Extension Center,

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the School of Land Resources and Land Management, the U.S. Forest Service, the Alaska Department of Natural Resources, and the timber and construction industries. This program will help develop technologies to give added value to forest products and support forest regeneration physiology vital to maintaining a healthy long-term supply of quality timber resources that will contribute to Alaska's economic base. Lastly, this increment requests \$68.7 for a professional grants development position at the Juneau Campus, whose main emphasis will be to develop cooperative agreements and aggressively pursue governmental and industry sponsorship to improve the academic programs at UAS.

⇒ **Renew the university's commitment to diversity and the enhancement of the artistic, cultural and intellectual life of Alaska.....\$272.5 GF**

A university is more than an educational factory, efficiently turning students into productively employed adults. It is also a place to study, preserve and promote artistic and cultural pursuits. This increment requests funds for two such efforts. \$200.0 is requested for the UAF Alaska Native Language Center (ANLC) to increase its efforts to document, safeguard, and help train people to teach Alaska Native languages, particularly seven Athabaskan languages that have little or no written documentation and are rapidly becoming extinct. In addition, \$72.5 is requested for a full-time Music faculty position at the Anchorage Campus. This position will relieve uncertain reliance on adjunct faculty and will provide instruction in voice, advise students at all levels, and bring an important measure of programmatic coverage and stability to Anchorage's Music Department.

• **Contribute To and Help Establish the State's, the Nation's, and the International Research Agenda**

⇒ **Collaborate with the State and Federal Government, Other Universities, Private Firms and Other Nations to Support Research in Those Areas that Tie Directly to Alaska's Social and Economic Well Being..... \$300.0 GF/\$300.0 NGF**

Alaska enjoys a unique economic, cultural and environmental relationship with other countries in the Northern Pacific and circumpolar regions. The university has capitalized on this relationship to build collaborative agreements that will pay dividends in many ways, including joint business ventures and expanded knowledge. This increment requests \$300.0 for two such efforts, as described below:

- \$200.0 to UAA's American Russian Center (ARC) to match U.S. Agency for International Development (AID) funds to support small business development and cultural exchange activities with the Russian Far East. Since FY93, the ARC has attracted over \$13 million in federal funds and has contributed to the training of more than 7,400 Russians involved in various economic and cultural exchange activities. These activities are important to the future economy of Alaska as the Russian Far East begins to develop into a viable trading partner, and are expected to lead to a number of joint business ventures and partnerships. The university has committed to the federal government that it

will pursue obtaining private funding as well as state general fund match to continue these important programs.

- \$100.0 to UAA's Institute for Circumpolar Health Studies (ICHS) to serve as match for private and federal funds. This will allow ICHS to serve as a center for the collection and exchange of information of medical and health sciences data relating to circumpolar health issues, and to increase its efforts to address and find solutions to the health problems of Alaskans and inhabitants of other circumpolar regions.

**Capital Budget
Request**

University of Alaska Systemwide

FY98 Capital Budget Request

Introduction

The Board of Regents' FY98 capital budget request attempts to balance fiscal realities with the university's critical capital needs. Highest priority has been given to deferred maintenance and code compliance, instructional equipment and telecommunications improvements, renovation and completion of existing facilities, and planning for growth.

The FY98 general fund capital budget request is summarized below:

	<u>General Funds</u>
Systemwide Deferred Maintenance/Code Compliance	\$35,000.0
Systemwide Instructional Equipment & Telecommunications	\$ 6,000.0
UAA Computer Network Improvements	\$ 1,500.0
UAF School of Fisheries Auke Cape Facility Planning/Match	\$ 1,500.0
UAA Anchorage Campus Library Facility Planning	\$ 1,400.0
UA Museum Planning/Match	\$ 500.0
UAS Sitka Classroom Renovation & Completion	\$ 1,195.3
Systemwide Renovation, Infrastructure, Safety Improvements:	
Systemwide ADA Compliance	\$ 1,000.0
UAF Space/Infrastructure Planning/Renovation	\$ 1,000.0
UAA Kachemak Bay Renovation/Planning	\$ 200.0
UAA Renovation of Space Anchorage & Kodiak	\$ 2,004.7
UAS Ketchikan Campus Remodel/Renovation	\$ 300.0
UAF Bristol Bay Classroom Addition	<u>\$ 900.0</u>
	\$ 5,404.7
UA Small Business Development Programs	<u>\$ 450.0</u>
 Total General Fund Request	 <u>\$52,950.0</u>

In addition, \$800.0 in associated non-general fund authority is requested for the "Systemwide Instructional Equipment & Telecommunications" and "UAS Sitka Classroom Renovation & Completion" projects. Non-general fund authority is also requested to allow for the receipt and expenditure of \$1,500.0 in University Receipts for development of the UAF International Arctic Research Center, and to allow for the carryforward of up to \$5,000.0 of operating funds for the establishment of a Systemwide Renewal and Replacement fund.

University of Alaska
FY98 - FY03 Capital Budget Request
 (Total Funds)

20

	FY98		FY99		FY00		FY01		FY02		FY03	
	GF	Total	GF	Total	GF	Total	GF	Total	GF	Total	GF	Total
Systemwide - Deferred Maintenance/Code Compliance	35,000.0	35,000.0	\$35,000.0	35,000.0	\$35,000.0	35,000.0	\$35,000.0	35,000.0	\$35,000.0	35,000.0	\$35,000.0	35,000.0
Systemwide - Instructional Equipment and Telecommunications	6,000.0	6,500.0	7,500.0	7,500.0	7,500.0	7,500.0	7,500.0	7,500.0	7,500.0	7,500.0	7,500.0	7,500.0
UAA - Computer Network Improvements	1,500.0	1,500.0		0.0		0.0		0.0		0.0		0.0
UAF - SFOS Auke Cape Facility Planning	1,500.0	1,500.0		0.0		0.0		0.0		0.0		0.0
UAA - Anchorage Campus Consortium Library Facility	1,400.0	1,400.0	2,000.0	2,000.0	6,000.0	6,000.0	6,000.0	6,000.0		0.0		0.0
UAF - UA Museum Planning	500.0	500.0		0.0		0.0		0.0		0.0		0.0
UAS - Sitka Classroom Renovation/Completion	1,195.3	1,495.3		0.0		0.0		0.0		0.0		0.0
Systemwide - Renovation, Infrastructure, Safety and Other Improvements (to be reviewed each year)	5,404.7	5,404.7	7,300.0	7,300.0	6,000.0	6,000.0	6,000.0	6,000.0	15,000.0	15,000.0	15,000.0	15,000.0
Proposed for FY98:												
Systemwide - ADA Barrier Removal - \$1,000.0												
UAF - Space/Infrastructure Planning/Renovation - \$1,000.0												
UAA - Kachemak Bay Renovation/Planning - \$200.0												
UAA - Renovate Space Anchorage and Kodiak - \$2,004.7												
UAS - Ketchikan Campus Remodel/Renovation - \$300.0												
UAF - Bristol Bay Classroom Addition - \$900.0												
Systemwide - Renewal & Replacement Fund	0.0	5,000.0										
UAF - International Arctic Research Center Development	0.0	1,500.0										
UA - Small Business Development Programs	450.0	450.0	450.0	450.0	450.0	450.0	450.0	450.0	450.0	450.0	450.0	450.0
UAS - Juneau Classroom Construction			3,700.0	3,700.0	3,000.0	3,000.0						
Total	52,950.0	60,250.0	\$55,950.0	55,950.0	\$57,950.0	57,950.0	\$54,950.0	54,950.0	\$57,950.0	57,950.0	\$57,950.0	57,950.0

* The Small Business Development programs have historically been funded in the capital budget, first under the Department of Commerce and Economic Development and since FY97 under the University of Alaska. This request assumes that the programs will be similarly funded in the capital budget in FY99 and outlying years.

Systemwide Deferred Maintenance/Code Compliance.....\$35,000,0 GF

The Board of Regents' highest priority capital need continues to be funding to reduce the backlog of deferred maintenance and code compliance violations. This problem is of such magnitude and has such a direct effect on student retention, safety and efficiency of operations that it must be resolved. It is also a problem that by its very nature gets progressively worse so that today's headache becomes tomorrow's nightmare. More and more students will find the facilities unacceptable and will go elsewhere, causing a downward spiral in enrollment and tuition revenue which in turn will negatively affect all of the university's programs. This request outlines a six-year plan for eliminating the backlog and ensuring that it does not reoccur.

At the current time, the university estimates that it has a remaining deferred maintenance backlog of approximately \$150.0 million. This is greater than the amount previously estimated for two reasons. First, until the university gets to the point where it is fully funding annual building maintenance and repair (M&R) and renewal and replacement (R&R) budgets the backlog in deferred maintenance will continue to grow at a rate at least equal to the underfunding. Second, each year that repairs are delayed increases the cost of those repairs by an inflation factor estimated to be approximately 3% per year. For these reasons, the backlog of deferred maintenance is a larger number today even though since FY94 the university has invested over \$3.5 million in additional operating funds and the State of Alaska approximately \$50 million in capital funds.

Reducing and ultimately eliminating the deferred maintenance backlog involves a two-pronged approach: 1) Allocating sufficient resources on an annual basis to adequately fund annual building M&R/R&R requirements and prevent additional backlog of deferred maintenance; and 2) allocating adequate capital funds to reduce the existing backlog and prevent further deterioration of facilities. The university is well on track with the first of these efforts. Recognizing that deferred maintenance on university owned facilities can only be controlled if adequate annual expenditures are made for M&R/ R&R, the Board of Regents in FY93 mandated that budget deficits in these areas be eliminated by the end of FY2001. In accordance with that policy and in spite of overall budget reductions, university units have internally reallocated over \$3.5 million to M&R and R&R since FY94 and will devote an additional \$3 million to this effort in FY98. By FY2001, the university will be fully funding building M&R/R&R requirements at an annual cost of approximately \$32 million. Concurrently, the Legislature has made significant contributions in the second of these efforts, particularly for residential facilities. Using funds appropriated to date, we have outlined a repair schedule for residential facilities and are seeking alternative fund sources for costs not fully covered by previous appropriations. We have also made some progress on non-residential facilities, though funding for that effort has been fairly limited. To reduce and eliminate the remaining backlog, however, will take approximately six years of additional sustained capital contributions at the proposed level. Should the amount of funding applied to this problem continue at the FY97 appropriation level, it is estimated that it will take approximately 100 years to fully address the problem.

This request, coupled with increased allocations to annual building maintenance and in combination with capital requests for deferred maintenance/code compliance in the outlying years of the six-year capital plan, will significantly reduce the backlog in deferred maintenance by the end of FY2002 and will eliminate it by FY2004. Without

this funding, there is simply no way that the university can reallocate enough resources to resolve the problem internally. On the contrary, buildings will continue to deteriorate and enrollments will continue to be adversely affected. The university believes that this is a responsible and attainable approach to this very serious problem.

Systemwide Instructional Equipment & Telecommunications . . \$6,000.0 GF
\$500.0 NGF

Understanding and using computer technology has become a necessity in virtually every profession. Correspondingly, equipment and telecommunications infrastructure play an increasingly critical role in the university's ability to provide a quality education to its students, maintain accreditation standards, and to attract research dollars. However, in much the same way that buildings require ongoing maintenance to protect and preserve them, equipment and its related infrastructure must be routinely replaced and upgraded as it becomes obsolete or dysfunctional. Computers, for example, have at most a four to five year functional life in today's rapidly expanding technological environment. In recent years funding to routinely replace or upgrade equipment has been severely curtailed in the operating budget and at best sporadic in the capital budget. As a result, students and faculty frequently must cope with equipment that is barely operational, let alone sufficiently advanced to support current curriculum and distance delivery needs. The university is also significantly behind national standards for computer access and availability, averaging over 50 students per computer compared to national standards of 20:1 for general core courses and 10:1 for disciplines such as engineering, computer science and business administration. This request, coupled with similar requests in the outlying years of the FY98-FY03 six-year capital improvement plan, will provide annual funding to replace worn and defective classroom and laboratory equipment on all campuses, upgrade classrooms and laboratories with video and audio-conferencing capabilities, and supplement library acquisitions and media equipment. It will also provide funding for networking and infrastructure improvements necessary to support distance delivery and other instructional demands. Systemwide instructional equipment and network improvements shall be apportioned inter-MAU according to student population and need at the campuses in order that all students have access to comparable quality.

In addition, this request includes \$500.0 in matching federal receipt authority. To assist universities in state-of-the-art equipment research and teaching equipment, funding agencies are frequently willing to provide part of the costs. Purchase of this equipment in turn helps researchers to ensure successful project results and to attract further research dollars, generating approximately \$4 federal and other restricted dollars for every \$1 invested by the state.

UAA Anchorage Computer Network Improvements \$1,500.0 GF

Today's educational environment requires that the university have the ability to incorporate electronic information technology throughout its curriculum. This is not currently possible at the Anchorage Campus. To achieve this goal, the campus must have a complete communications infrastructure capable of integrating video, voice, and data. Equipment items are also necessary for continued support of student instruction and institutional functions. This request will provide \$1,500.0 to complete the UAA communications network which will wire and activate over 1,000 additional user data connections throughout the campus. These funds will enable UAA to complete the electronic connection of all campus buildings, provide support to the library, and

provide equipment necessary for distance delivery instruction. Previous legislative appropriations for this project (\$530.0 in FY94 and \$1,400.0 in FY96) allowed the university to substantially complete the raceway system connecting campus buildings and internal cable tray systems in 14 buildings. However, until this project is completed, roughly two-thirds of campus users will continue to have substandard network communications capabilities. This request will provide \$1,200.0 for 850 connections to the communications network. The connections include workstations, classrooms, labs and conference rooms, which are used for training. The average connect cost includes the following: tile removal and replacement, conduit or cable tray, fire stop, Category 5 wiring and wire box, information outlet, termination and testing of Category 5 installed wiring, and one ethernet board per workstation, classroom, lab, etc. All costs are verifiable and are based on actual construction costs for providing basic connectivity for 178 information outlets in the UAA Administration Building. To date, 744 workstations have been connected to the Anchorage campus communications system using these construction methods. The remaining \$300.0 will purchase equipment to support 850 connections. Equipment to be purchased includes data routers, hubs, fiber optic transceivers, fiber termination equipment and cables. Instructional equipment and network improvements shall be apportioned intra-MAU according to student population and need at the campuses in order that all students have access to comparable quality.

UAF School of Fisheries Auke Cape Facility Planning.....\$1,500.0 GF

UAF's School of Fisheries and Ocean Sciences (SFOS) is seeking \$1,500.0 to be a partner with the National Marine Fisheries Service (NMFS) in developing plans for a fisheries center of excellence at Auke Bay in Juneau. NMFS, which is responsible for marine fish management in federal waters adjacent to Alaska, is proceeding on a timetable for planning and construction of the Auke Bay facility that makes a decision about UAF's participation urgent. This request will provide \$1,500.0 that will allow UAF to participate in the planning and development process, and will also provide the needed match to seek federal support for the construction phase of the project. This is a great opportunity to secure badly needed space as well as a chance to be a major partner in expanded research issues affecting Alaska's fisheries and other natural resources.

This request also responds to 1990 and 1993 accreditation reports which cited the university for not meeting "criteria ... pertaining to the adequacy of instruction and research facilities, furnishings and equipment." The 1993 report also states that "the use of sub-par facilities ... coupled with the dispersal of students and faculty at off-campus locations throughout the Juneau area continues to seriously compromise the quality of the program." Co-location of the SFOS Juneau instruction and research program at the new facility will also free up instructional space badly needed by UAS instructional programs.

UAA Anchorage Campus Consortium Library Planning\$1,400.0 GF

The Anchorage Campus Consortium Library, which serves the needs of both the University of Alaska Anchorage and Alaska Pacific University, was constructed more than twenty years ago and no longer meets the diverse needs of this growing institution. For example, the national standard for commuter campus libraries recommends library study space for 20 percent of the full-time equivalent (FTE) student count be available. The Consortium Library has study areas for less than 5 percent of

CORRECTION

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Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

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UAA's FTE students. Furthermore, each addition of shelving, local area network work stations and/or CD indexes replaces a few more student study spaces. The stack area is inadequate and the library is rapidly running out of shelving space for its growing collection of books and periodicals. This request will provide planning funds for a new library/academic facility that will provide the Anchorage campus with a central area where general education classes can be offered in a setting which fosters student retention and scholastic success. This facility will provide quiet areas where students can study as well as a modern library and distance education center. The new facility will provide about twice the usable space of the existing library, which will be used to house traditional stack areas and give access to reference services. The library/academic center will also connect to a wide array of student services, including the Campus Center, Bookstore, Sports Center, Advising and Counseling Center, and the Student Health Clinic. With this facility, the Anchorage Campus will be transformed into an integrated and functional campus with a logical design.

This request provides \$1,400.0 for planning and design of the new facility. Funds for site development and construction of the 50,000 square feet facility with associated parking will be requested in FY99-FY01.

UAF UA Museum Addition Planning and Design.....\$500.0 GF

Constructed in 1979, the University of Alaska Museum receives more than 140,000 visitors each year. The present size of the museum's research labs, collection storage and exhibition spaces is inadequate and substandard in environmental systems to support research in the natural sciences related to polar regions, teaching and public service. This was made clear in a 1985 professional assessment of the museum facility which identified a need for more than 40,000 square feet of additional teaching and research laboratory space, and was further emphasized in a 1995 preliminary concept study which identified a need for an additional 70,000 gross square feet of space. Moreover, private donations raised during UAF's major fund-raising campaign and throughout this year signal the importance of this museum to the public and its commitment to the expansion. This request provides funds for preliminary planning for an expansion of the museum, including scope definition, resolution of site development issues, and support activities to further private fund-raising efforts for construction. More than \$3 million has already been raised through major gifts from the Usibelli Coal Mine, the Usibelli family, the Wests and others.

UAS Sitka Classroom Renovation & Completion.....\$1,195.3 GF
\$300.0 NGF

The Sitka Campus is housed in a World War II era aircraft hangar that was partially converted in 1985. Further renovations are needed to make this facility fully usable. In particular, the Sitka Campus has need of laboratory facilities to support delivery of life sciences and physical science courses. It also is in need of specialized facilities for taping, editing and delivery of video courses for the campus's distance-delivered instruction and media program, which currently operates out of a classroom closet. Further, vocational education facilities are currently limited to a welding shop, and there is only one classroom with a capacity to support large enrollments. Life sciences and physical sciences must utilize local high school facilities, and high demand vocational and career programs such as the Alternative High School, Rural Sanitation and a variety of health administration programs must utilize off-campus facilities scattered throughout

the community. Such lack of facilities impairs the delivery of an integrated general core and program specific curriculum.

This project will provide a life science and physical science lab, media classroom with support spaces, and audioconferencing and seminar rooms, with all additional space to be incorporated within the existing facility. Total cost of the renovation is estimated to be \$2,320.3, \$825.0 of which was funded by sale proceeds of the former campus facility. In FY95 these proceeds were used to fund project design and engineering, construction framing, rough-in of mechanical and electrical systems, and fire warning and suppression systems. This request for \$1,195.3, which will be matched by \$300.0 from the City of Sitka, will allow completion of the renovation, and will convert what would otherwise be 13,000 square feet of incomplete and useless space into laboratory and classrooms that can be fully utilized for program offerings.

Systemwide Renovation/Infrastructure/Safety Improvements . . \$5,404.7 GF

The university's highest capital priority has been and continues to be reducing the backlog of deferred maintenance. However, the university has many other high priority capital needs, including safety improvements in the areas of lighting, fire alarm systems, and pedestrian walkways and crossings; renovations or remodeling of facilities at Anchorage, Ketchikan, Kodiak, Sitka, Fairbanks, Nome and Homer to achieve cost efficiencies and meet enrollment and programmatic needs; and upgrade or replacement of the infrastructure at various locations to meet enrollment growth or prevent the further deterioration of facilities. The university recognizes that the likelihood that these projects, which total over \$80 million, will be funded on an individual basis is very unlikely. As an alternative, the university requests a broadly titled, annual appropriation in each of the next six years to be applied to the university's highest priority renovation, infrastructure and safety improvement projects. The university believes that the flexibility and stability afforded by this process will allow it to innovatively and cost effectively satisfy these vitally important needs. Projects proposed for FY98 include: Systemwide ADA Barrier Removal, \$1,000.0; UAF Space/Infrastructure Planning & Renovation, \$1,000.0; UAA Kachemak Bay Renovation & Planning, \$200.0; UAA Renovations in Anchorage and Kodiak, \$2,004.7; UAS Ketchikan Campus Remodel & Renovation, \$300.0; and UAF Bristol Bay Classroom Addition, \$900.0.

Systemwide Renewal and Replacement Fund \$5,000.0 NGF

Recognizing that deferred maintenance on university owned facilities can only be controlled if adequate annual expenditures are made on building maintenance, the Board of Regents has mandated that budget deficits for renewal and replacement be eliminated by the end of FY2001. To compute minimum budget levels, the university uses a nationally recognized formula-based method that considers such factors as the rate of overall plant deterioration and rate of inflation, as well as the replacement value of each campus's facilities and physical plant infrastructure. However, annual expenditure of funds for a specific building, particularly when that building is relatively new, may not correspond to the formula-based budget. On the contrary, it may be prudent to "save" amounts in earlier years for major renewal and replacement projects. Although the university has limited authority to carry forward university receipts, it currently has no mechanism to carry forward general or other unrestricted funds. The intent of this appropriation will be to allow the university to carry forward up to \$5,000.0 to be used

specifically for renewal and replacement projects, and may require separate action by the Legislature. The university will work with the Office of the Governor and the Legislature to obtain any necessary statutory changes.

UAF International Arctic Research Center\$1,500.0 NGF

This request provides the university authority to receive and expend an additional \$1.5 million in funds from Japanese and other private sources for the development of the UAF International Arctic Research Institute (IARC). This development includes the construction of an approximately 100,000 gross square foot addition to the Geophysical Institute's Elvey Complex at the Fairbanks Campus, which will provide research and office facilities to house some of the Geophysical Institute's programs as well as several federal and international agencies with complementary missions. Total cost of this facility is estimated to be approximately \$32.0 million, which is being funded from a variety of sources as shown below. Development of the IARC may also include related equipment and infrastructure at the Fairbanks Campus, and related improvements at other university sites as funding allows.

Prior appropriations for this effort include: \$2.1 million in general funds from FY93, FY94 and FY96 appropriations; \$1.3 million from the National Science Foundation (approved by RPL in FY96), and \$28.5 million of university receipt authority approved in FY95 and FY97 to cover receipts from Japanese and other private contributions and proceeds from university revenue bonds. Construction of the main facility has already been bid (using funds and authority already in hand) and will begin construction this spring.

UA Small Business Development Programs.....\$450.0 GF

This request represents the minimum level of funding needed to maintain the current level of operations for the UA small business development programs, which have historically been funded through the capital budget. Until FY97 these funds were channeled through the Department of Commerce & Economic Development to the university. In FY97 capital funding for these programs was appropriated directly to the university in the amount of \$400.0, down from \$461.0 in FY96.

Because most of the small business development programs overlap the state fiscal year, the full impact of the FY97 funding reduction is not yet completely understood. The longer range impact, however, is likely to be a loss of federal matching funds and restructuring of current programs, including the closure of at least one office. Current programs include the following:

Small Business Development Center (SBDC): This program, which currently has five regional centers located in Anchorage, Fairbanks, Juneau, Kenai and Wasilla, is a cooperative venture of the U.S. Small Business Administration, the University of Alaska, and private industry. Its primary emphasis is to provide in-depth quality information and technical assistance to small businesses in order to promote growth, expansion, innovation and increased productivity of Alaska's small businesses. The SBDC is funded through a mixture of federal funds, state funds, private and local contributions, and workshop fees and publication sales. Federal funds require a one-to-one match.

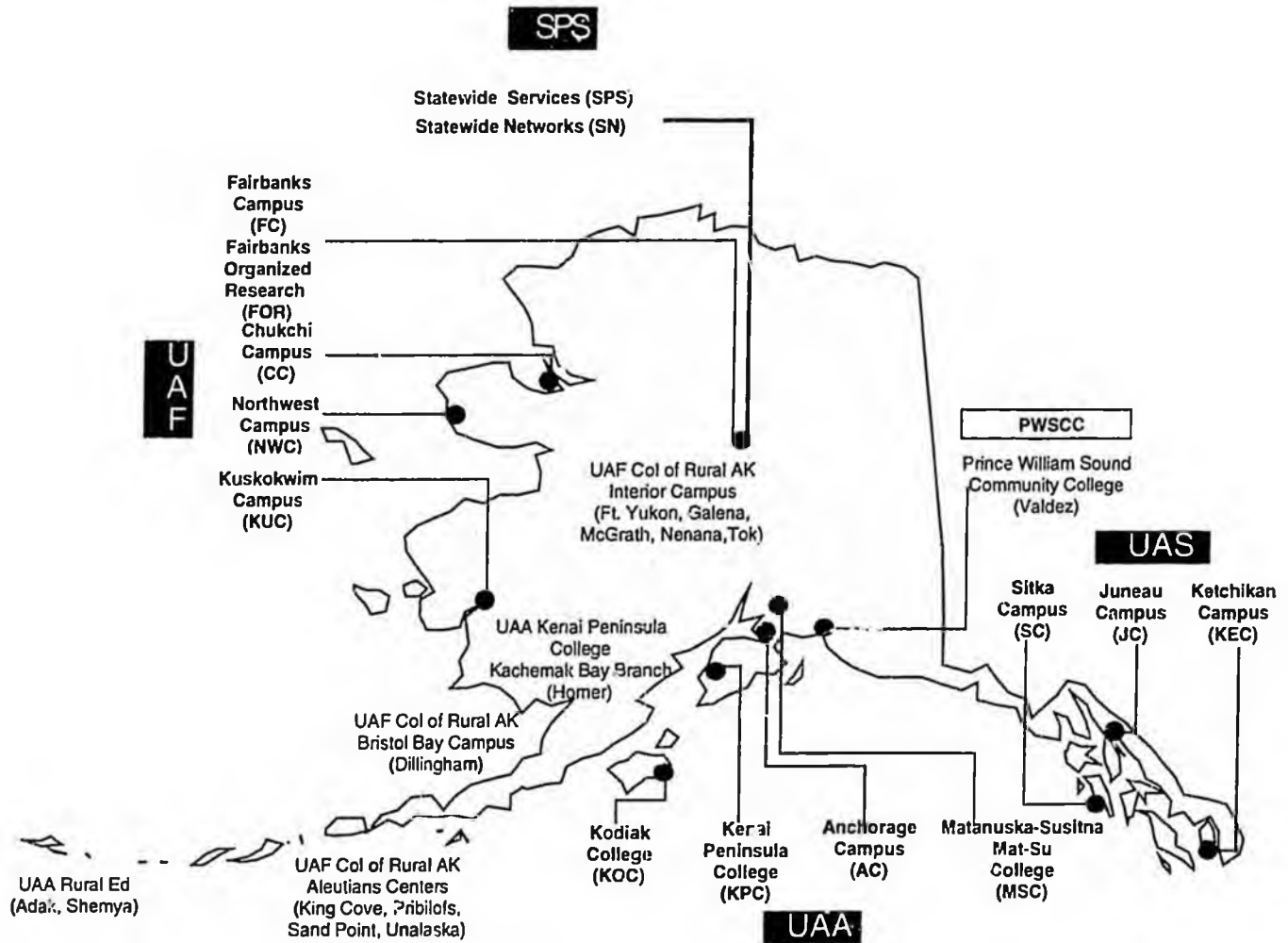
Procurement Technical Assistance Center (PTAC): This program, which is co-located in the Anchorage, Fairbanks and Juneau SBDC offices, is a cooperative venture of the U.S. Department of Defense and the UA SBDC. Its primary purpose is to stimulate competition for Department of Defense and other federal contracts by assisting Alaska businesses to enter the government contracting market and to stimulate the economy by helping existing businesses expand their market base through the sale of their products and services to government agencies. The PTAC is funded through a mixture of federal and state funds. Federal funds require a match based on population levels.

Buy Alaska: This program, which is also co-located and administered through the SBDC, is a cooperative effort of the University of Alaska and the Anchorage Economic Development Corporation. The program seeks to encourage in-state purchasing through a multi-media advertising and public awareness campaign and provides direct assistance to participants through the Buyer/Seller Network. Buy Alaska is funded through a mixture of state and private funds.

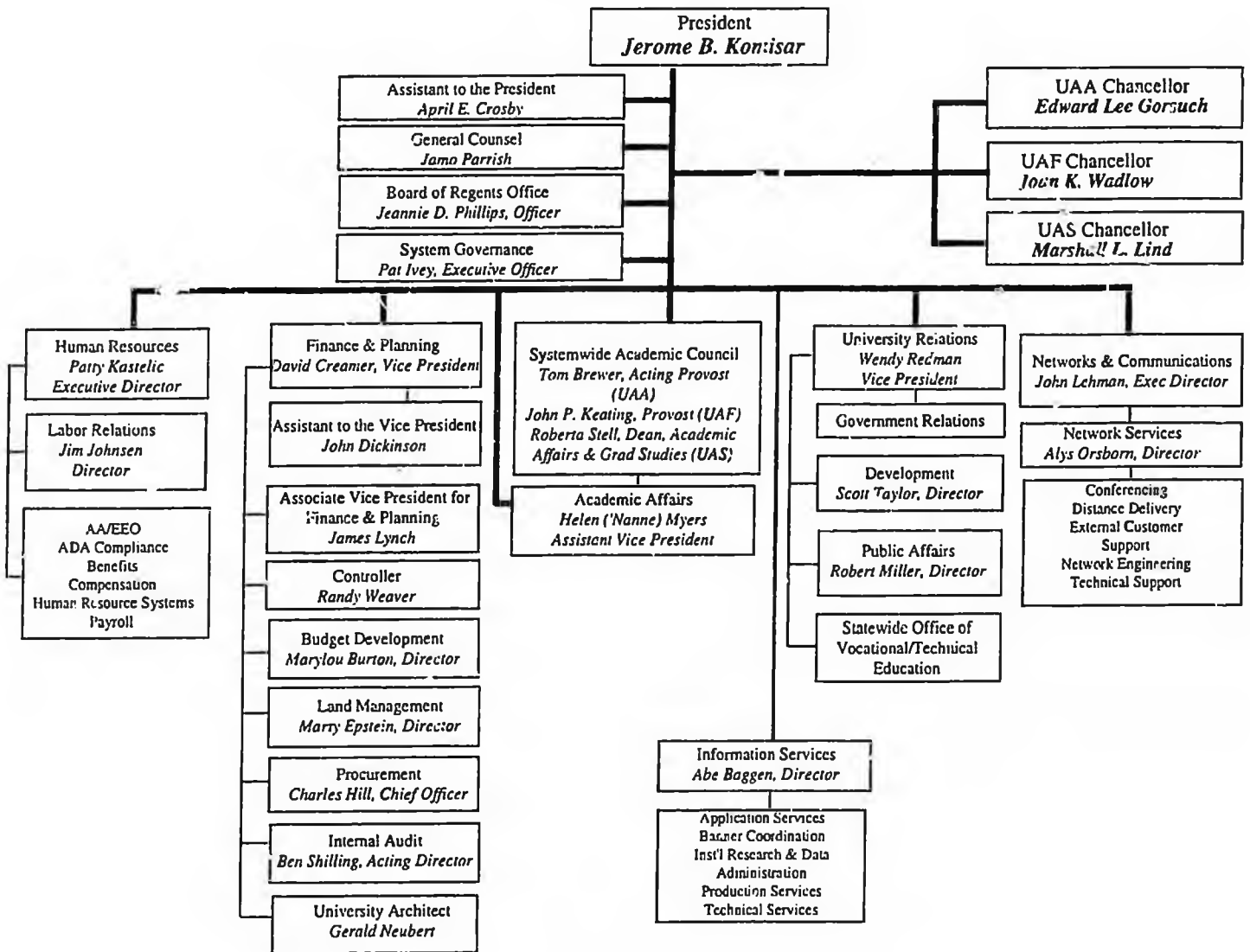
Statewide

**University of Alaska
Statewide**

University of Alaska Statewide



University of Alaska Statewide MAU Organization Chart



Statewide Programs & Services



University of Alaska Summary by MAU and NCHEMS

MAU	FY95 Actuals			FY96 Actuals*			FY98 Request		
	General Funds	Non-Gen Funds	Total Funds	General Funds	Non-Gen Funds	Total Funds	General Funds	Non-Gen Funds	Total Funds
SYS-BRA	0.0	0.0	0.0	0.0	0.0	0.0	15,703.0	2,565.2	18,268.2
SPS	11,917.9	13,041.6	24,959.5	11,890.2	13,044.1	24,934.3	11,663.0	17,037.9	28,700.9
UAA	60,552.2	64,322.6	124,874.8	60,232.7	63,035.8	123,268.5	60,006.6	80,086.2	140,092.8
UAF	83,513.9	117,809.8	201,323.7	83,077.0	115,462.7	198,539.7	82,626.1	164,728.2	247,354.3
UAS	13,529.5	8,487.9	22,017.4	13,480.1	10,377.6	23,857.7	13,377.2	13,425.7	26,802.9
Total	169,513.5	203,661.9	373,175.4	168,680.0	201,920.4	370,600.4	183,375.9	277,843.2	461,219.1

NCHEMS Category	FY95 Actuals			FY96 Actuals*			FY98 Request		
	General Funds	Non-Gen Funds	Total Funds	General Funds	Non-Gen Funds	Total Funds	General Funds	Non-Gen Funds	Total Funds
Academic Support	14,220.2	4,801.6	19,021.8	14,490.8	3,184.2	17,675.0	14,053.2	3,883.1	17,936.3
Auxiliary Services	0.0	20,490.7	20,490.7	0.0	20,432.0	20,432.0	0.0	25,349.2	25,349.2
Debt Service	1,742.5	2,760.6	4,503.1	2,652.0	744.2	3,396.2	2,696.6	1,905.1	4,601.7
Institutional Support	35,541.1	26,966.4	62,507.5	32,010.0	30,787.5	62,797.5	36,044.2	54,307.5	90,351.7
Instruction	48,706.7	50,662.1	99,368.8	48,403.1	52,349.4	100,752.5	52,945.6	69,638.7	122,584.3
Intercollegiate Athl.	2,408.1	3,598.9	6,007.0	2,695.7	3,355.7	6,051.4	2,325.5	3,601.2	5,926.7
Library Services	10,146.4	1,809.8	11,956.2	8,339.1	3,733.1	12,072.2	9,504.5	3,734.0	13,238.5
Physical Plant	27,423.4	13,722.5	41,145.9	30,847.5	14,146.5	44,994.0	34,742.3	13,351.5	48,093.8
Public Service	4,921.8	11,735.5	16,657.3	5,460.0	12,201.9	17,661.9	5,494.9	14,764.2	20,259.1
Research	12,289.4	55,010.0	67,299.4	12,160.3	47,555.5	59,715.8	13,093.5	75,871.9	88,965.4
Scholarships	390.0	7,006.1	7,396.1	640.5	6,890.9	7,531.4	445.8	5,995.6	6,441.4
Student Services	11,723.9	5,097.7	16,821.6	10,981.0	6,529.5	17,510.5	12,029.8	5,441.2	17,471.0
Totals:	169,513.5	203,661.9	373,175.4	168,680.0	201,920.4	370,600.4	183,375.9	277,843.2	461,219.1

*Includes Supplemental amounts: (ACCFT: 466.2 GF; CEA:852.1 GF)

FY96 Actuals (NCHEMS as % of Total)

