December 4, 2020

The Honorable Michael Dunleavy
Office of the Governor
P.O. Box 110001
Juneau, AK 99811-0001

RE: Compact Agreement Report FY21 (via email)

Dear Governor Dunleavy:

Please find enclosed the University of Alaska’s FY21 Compact Agreement report regarding UA’s progress toward its strategic goals and the terms of the agreement.

Sincerely,

[Signature]

Sheri Buretta, Chair
University of Alaska Board of Regents
University of Alaska Board of Regents
Report to the Governor and the Legislature
Regarding Budget and Related Matters

Pursuant to the Agreement between the Governor and the Board of Regents dated August 13, 2019, the University of Alaska (UA) will report to the Office of the Governor and the Alaska Legislature no later than December 4 of each of the three years of the Agreement regarding progress the University is making toward its strategic goals and on the following additional terms of the Agreement (attachment 1).

I. OPERATING AND CAPITAL BUDGETS
The agreement includes a $70 million unrestricted general fund reduction to UA’s operating budget from FY2020-FY2022. UA is managing this multi-year reduction largely through reductions in employees, but also through administrative consolidations, academic program reductions, and monetizing assets. The UA Board of Regents receives monthly updates on progress toward meeting the reduction targets.

In addition to State funding reductions, UA also faced uncertainty caused by the global pandemic (COVID-19) during the spring semester. UA acted quickly and decisively to mitigate the impact of the COVID-19 pandemic on our students, faculty and staff. Actions taken include:

- UA Information Technologies developed and maintains a website that made a swift transition to mostly remote learning and work possible (https://www.alaska.edu/virtual-campus);
- Trained and performed the hiring functions for the State of Alaska Department of Health and Social Services (DHSS) COVID contact tracing workforce;
- Rapid and thorough implementation of the Family First Coronavirus Response Act provisions;
- Facilitated providing UA expertise to advise policymakers in areas including health and economic data, contract tracing and impacts of the pandemic;
- Secured Good-Samaritan protections in state law (Ch. 10 SLA 20) for Alaska manufacturers of Personal Protective Equipment (PPE) which advances efforts between UAA’s Business Enterprise Institute and Manufacturing Extension Partnership with hospitals and health care providers;
- Secured COVID-19 relief funds of over $12.2 million from various programs within the Education Stabilization Fund to support our students and address COVID-19 related financial impacts;
- Coordinated a swift transition to remote work environment for the majority of employees in March 2020 to protect employee health and implementation of multiple protocols.

Despite these efforts, UA still expects significant revenue losses from student tuition and fees, and auxiliary operations. UA’s enrollment declines were much less severe than originally anticipated and below the national average due, in part, to efforts by UA universities to move many courses and programs on-line and develop strategies to keep students engaged and supported. As of September 2020, UA’s tuition and fees revenue was down nearly $4 million from the prior year. As the pandemic continues the lost revenue is expected to grow to $6.9 million by the end of FY2021. In order to mitigate the pandemic’s impact on students UA is operating auxiliaries such as housing, dining, and parking, at reduced capacity. In order to do this responsibly and maintain social distancing, most operations have limited their capacity. Thus, auxiliary receipts are expected to be less than operating costs by $6.9 million by the end of FY2021.

To help mitigate the financial impacts UA is experiencing due to the pandemic, UA has requested $17.3 million in supplemental capital funds. In addition to the $13.8 million in losses expected from tuition, fees and auxiliaries described above UA also expects revenue loses from UA Museum operations ($1.2 million) and
upgrades to building access systems necessary to efficiently and effectively control access to UAA facilities ($2.3 million).

The agreement includes a commitment from the state for facility deferred maintenance. UA continues to request sustained capital funding to protect and maintain its aging physical assets. Aging facilities and functional obsolescence detract from student recruitment and retention. Although UA has worked to reduce its footprint by selling and demolishing underutilized facilities, the need for a continual state capital investment is critical to UA’s ability to offer students a functional, modern, and safe learning environment.

II. UA LAND GRANT
Legislation has been introduced in Congress to help achieve the University of Alaska’s full land grant endowment. UA owns approximately 150,700 acres (110,000 acres from land grant) in Alaska, which is 30 percent of the amount owed under established federal programs. The only state with a smaller land grant allocation is Delaware (Alaska is 293 time larger than Delaware). On October 4, 2020, Alaska’s congressional delegation introduced legislation in the U.S. House and Senate seeking to remedy this long-lasting land grant deficit issue.

The University of Alaska Fiscal Foundation Act authorizes the U.S. Department of the Interior to establish a program to identify and convey available lands to the University from lands selected by the State of Alaska. This would add up to 360,000 acres to the University’s land grant endowment. The legislation also directs the department to provide technical assistance to the University and the State for this process, and requires the department to notify Congress once the conveyance of lands is complete. UA appreciates the support of Governor Dunleavy in this first step to solving the long-standing challenge of fulfilling the UA’s pre-statehood federal grants.

III. STRATEGIC GOALS
In 2017, the Board of Regents established five strategic goals:
• Contribute to Alaska’s economic development
• Provide Alaska’s skilled workforce
• Grow our world class research
• Increase degree attainment
• Operate more cost effectively

These goals have helped UA focus effort and investment into initiatives that serve the higher education needs of Alaska. However, in light of multi-year state funding reductions, which have compounded enrollment declines, UA’s ability to invest in the strategic initiatives is severely constrained. As a result, the president and the Board of Regents plan to review and revise the specific measures and targets associated with the goals in light of our fiscal condition. UA’s performance on these goals is reported annually through the Office of Management and Budget performance website https://omb.alaska.gov/performance/.

Contribute to Alaska’s economic development
• Increase STEM Graduates
• Increase Invention Disclosures

Alaska’s economy depends upon resource extraction and development industries; the future well-being of the state economy requires both continued support for responsible resource development and economic diversification and innovation. UA, through its three universities and 13 community campuses, is uniquely suited to drive change in the economy and to educate graduates who will lead a new era of economic development. To meet the challenge of transforming Alaska’s economy, UA must increase the number of graduates in STEM fields (science, technology, engineering, and mathematics) for careers in the state. Since
2000, UA has more than doubled the number of engineers it graduates. Notably, 89 percent of graduates from UA’s Process Technology Programs and 67 percent of Engineering graduates remain in Alaska after graduation, many employed in support of the Oil and Gas industry. Wages for these graduates average over $100,000 per year just 5 years after graduation, far above the state average.

**Provide Alaska’s skilled workforce**
- *Increase UA Share of Teacher Hires*
- *Double Health Profession Graduates*

Interim President Pat Pitney convened a discussion of education faculty, staff, and administrators from all three universities to discuss how to improve coordination and increase the number of graduating teachers. Three immediate next steps were identified as the universities work together to improve the communication about existing education programs in a coordinated, unified approach for the fall 2021 semester.

1. Communicate clear pathways for each program within a unified coordinated view.
2. Develop a coordinated website and advertising program.
3. Within existing state general fund resources, develop recommendations for roles and responsibilities for coordinating existing education programs to maximize enrollment.

The university will also be working on the process to develop a plan with two-, five- and 10-year benchmarks that:
- Sets realistic targets,
- Increases the number of graduates in education programs, with a priority on initial licensure,
- Benefits all education programs when enrollment increases,
- Prioritizes how additional earned revenue (tuition) and new investment (including state funding) will be allocated, and
- Assures alignment for similar programs and establishes criteria for which programs should remain distinct.

The UAA College of Health moved quickly to obtain internal and Alaska Board of Nursing approval to graduate nursing students early so they could enter the workforce as soon as possible to help with the COVID-19 pandemic. Through these efforts, the school was able to graduate and license 75 senior nursing student.

The UAA College of Health began offering contact tracing certification training through a partnership with the Alaska Department of Health and Social Services to help meet the growing demand for qualified individuals to do this work. The training was developed and implemented by the college's Division of Population Health Sciences and Alaska Center for Rural Health and Health Workforce, and was funded by federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. The college with the State of Alaska was able to train and employ 500 contact tracers.

**Grow our world class research**
- *Stay #1 in Arctic Research*
- *Increase Externally Funded Research*

Competitive research contributes significantly to Alaska’s economy from Juneau to Prudhoe, Kodiak to Gulkana, Seward to Nome, and of course in Anchorage and Fairbanks. Faculty expertise attracts funding to Alaska that would otherwise go to Washington, Colorado, Montana, Wyoming, Oregon, California, and other states. Research contributes to every aspect of Alaskan life – it drives innovation and discovery, spurs outside investment, generates a significant percentage of UA’s annual revenue and is critical for future economic growth. UA’s research university UA Fairbanks (UAF) leads the world in Arctic research, which provides the
foundation of its international reputation. UAF is a world leader in climate research, atmospheric and biological science, geophysics, cold climate engineering, behavioral health, indigenous cultures and languages, and natural resource management. Across the UA system at UA Anchorage (UAA), UA Fairbanks (UAF), and UA Southeast (UAS) faculty advance basic and applied knowledge by engaging on complex social, scientific and economic issues, and work to solve real-world challenges that will benefit our people, communities, environment and economy. Alaska is a living laboratory of glaciers, permafrost, oceans, subarctic climate and ancient cultures. UA’s universities are uniquely situated to study these rapidly changing ecosystems and to help our people, industries, environment and economy adapt.

**Increase degree attainment**
- *Increase Enrollment*
- *Increase Completions*

The University’s students are its most valuable constituency. Not only is it UA’s responsibility to provide for student success, but UA must encourage students to graduate in a timely manner. Increasing degree attainment means inspiring more college-going, working to educate more skilled graduates, and providing degree programs that lead to future success. The educational success of students attending the University of Alaska is among its highest priorities. The University is committed to preparing Alaskans to become educated members of the state’s workforce and to meet the state’s workforce needs. UA’s graduates will continue to find opportunity in many sectors of the Alaska economy – in fields such as research, teaching, engineering, and nursing, as well as for those who choose a career in the trades or innovation.

Despite challenges, UA is committed to seeing enrollment and completion rates improve over the next few years. To this end, investments have been made in marketing and recruitment; partnerships with K-12, including very successful options for dual enrollment; expansion of on-line programs; and innovative program delivery. The universities have made retention a priority by implementing software to strengthen consistency and communication in advising (UAA Seawolf Tracks and UAF Nanook Navigator).

**Operate more cost effectively**
- *Decrease Cost per Completion*
- *Increase Completion Rate*

As the University of Alaska examines how best to position itself to meet the future needs of Alaska and its students, we have taken steps to reduce administrative and operating costs, freeing up funds for investment in high priority programs and services. The University continues to work to mitigate state funding decreases by increasing alternative revenue sources, including enrollment growth strategies, philanthropic giving, the land grant initiative and cost containment. Recent examples include:

In late 2019 UA centralized the human resources and procurement services functions. This has led to a more efficient and effective delivery of services across the system. HR and procurement staff are becoming subject matter experts to provide exceptional and consistent customer service.

In order to review UA administrative costs and processes from an external perspective, UA hired an individual with expertise in developing strategic plans and partnerships, streamlining operations and leading change. Working with each university and the system office, the objectives are to:
- Identify opportunities to leverage existing resources,
- Identify potential areas of savings,
- Create administrative cost transparency, and
- Streamline and improve back-office processes.
This work will help UA frame a sustainable, stable, core organization that can operate within its current fiscal constraints.

The universities are currently evaluating new shared services opportunities. Cost reductions are expected to be realized as new or expanded shared services in the areas of travel, purchasing, grant proposal development, financial services, administrative support, and research administration are implemented in FY2021.

Administrative reviews are occurring across the university system with the goal of analyzing roles and responsibilities of each executive or senior administrator position, providing an opportunity for input on current administrative management structures, and looking for synergies and potential savings.

The UA Foundation is a 501(c)(3) organization separate and distinct from UA. The Foundation was created to serve and support UA as set forth in its governing documents. Since inception, Foundation employees have been employees of UA. UA is proposing transitioning the Foundation budget and staffing from the University of Alaska to the non-profit Foundation. The principal purposes for the proposed change are to better reflect in UA’s budget that both Foundation expenses are principally borne by the Foundation and not UA, and to clearly communicate that staff of the Foundation are not those of UA administration.

IV. AGREEMENT PRIORITIES
The Agreement includes commitments made by the Board of Regents and the Governor. The Governor’s commitments may be found in Attachment 1. The Board of Regents appreciates the Governor’s commitments and is pleased to provide the following progress report on its commitments.

Operating cost reductions

For the period FY2014 to FY2020 UA’s: unrestricted Operating Expenses (excluding intra-agency transfers) decreased each year, in the aggregate $76.4 million (12.2%); restricted Operating Expenses has remained flat.

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<th>Operating Expenses ($ in millions)</th>
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<td>FY14 FY15 FY16 FY17 FY18 FY19 FY20</td>
<td>FY14-FY20</td>
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<tr>
<td>Unrestricted $625.1 $620.0 $607.7 $584.4 $588.6 $578.1 $548.7</td>
<td>($76.4) -12.2%</td>
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<tr>
<td>Restricted 175.7 169.9 172.3 171.3 165.2 170.2 175.7</td>
<td>0.0 0.0%</td>
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<td>Intra-UA 52.5 54.0 54.3 78.2 66.5 68.7 82.3</td>
<td>29.8 56.8%</td>
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<td>Total $853.3 $843.9 $834.3 $833.8 $820.3 $818.0 $806.7</td>
<td>($46.6) -5.5%</td>
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Since fall of 2014 UA staffing has been reduced by 2,537 (877/19% regular and 1,480/38% temporary employees). Of the regular employee reductions 572 (18%) were staff and 305 (22%) were faculty positions.

In June 2020 the Board voted to reduce or discontinue 40 academic programs. The programs where selected through an expedited review process at each of the universities.

In September 2020 the Board passed motions approving the discontinuation of 3 of its 13 athletics programs, at the University of Alaska Anchorage effective June 30, 2021. The National Collegiate Athletic Association requires 10 athletic programs with a mix of team and individual sports. UAF operates the minimum 10 sports. If UAA program supporters can provide private funds for two years of program operating expenses by the end of February 2021 the Board will consider reestablishing the program.
Administrative overhead reductions

Administrative overhead is best reflected in the staff’s labor costs reported in the “Institutional Support” unrestricted expenditure category. From FY2014 to FY2020, such costs decreased each year, in the aggregate $15.4 million; or 20.2%.

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<th>Institutional Support - Salaries &amp; Benefits Costs ($ in millions)</th>
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<tr>
<td>FY14</td>
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<td>$ 76.5</td>
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Strengthening the role of community campuses

In FY2020, UA’s Community Campuses accounted for over 19 percent of total student credit hours for the system, reflecting their role in serving part-time students throughout the state. UA continues to look at ways to strengthen the role of the community campuses. Beginning in fall 2018, the University of Alaska started offering a 25 percent tuition discount on selected career and technical education (CTE) courses and that program continues through FY2021. UA is also exploring ways to increase degree program access and course availability through on-line delivery to our community campuses and learning centers from other universities and campuses across the system.

UAA is undertaking a structural and mission alignment in relation to a multi-campus environment. A Change and Leadership group with representatives from faculty, staff, and students has been formed. This group is charged with optimizing campus relationships across UAA with improved coordination, alignment, and organization of UAA’s community campuses. The effort will address how UAA allocates human and operational resources across its campuses. The evolution of course delivery and the fiscal environment make this review and evaluation critically important now to ensure UAA meets its mission to deliver excellent public higher education across Southcentral Alaska.

UAF’s community campuses have increased dual enrollment course offerings across rural school districts and regions. With a shared vision of supporting more K-12 students in their pursuit of higher education and employment, the rural campuses have been integral in boosting the state’s dual enrollment and tech prep offerings and student success.

UAS’s community campus in Ketchikan collaborated with Ketchikan Indian Community (KIC) and the Ketchikan Gateway Borough School District to offer dual enrollment science classes for KIC’s Tribal Scholars program. These science classes have been instrumental in assisting Alaska Native students to complete their graduation requirements resulting in a 100% graduation rate for the Tribal Scholars. They also partnered with KIC’s Tribal Scholars for an Indigenous Peoples Day event focused on “A Sense of Community”.

Growth in monetization of University assets

Monetization of capital assets is a key financial strategy to supplement the budget, reduce operating costs and maximize the effective use of space.

At the October 2020 Board of Regents Facilities and Land Management Committee meeting, UA administration reported on capital asset monetization opportunities. The identified properties present opportunities for the selling, leasing or public private-partnerships (P3) of facilities & land to provide a source of capital, reduce maintenance costs and potentially reduce ownership (attachment 2).
Over the last two years, UA has sold 10 (38,132 gross square feet) facilities and leased other UA space to third parties. UA also demolished 13 (28,001 gross square feet) aged facilities to reduce operating costs and the deferred maintenance backlog. UA currently has facilities listed for sale, while other properties are being examined for monetization opportunity. Examples include: University Lake and University Center buildings in Anchorage; Westwood Way buildings in Fairbanks; Natural Sciences Research Lab in Juneau, Orca building in Seward; and a potential power purchase agreement for the UAF Combined Heat and Power Plant.

Enrollment and degree/certificate completion rates

UA seeks to increase enrollment and completions to meet the higher education interests of our students and state, but with the continued uncertainty and budget reductions, simply maintaining enrollment and completion rates may be challenging.

UA awarded 4,278 degrees, certificates, and endorsements in FY2020, a small drop of 36 awards (less than 1 percent) from FY2019 and about 500 fewer (11 percent) than in FY2016. Of the FY2020 credentials awarded: 886 were in Health and Related Professions; 320 were in Engineering; 303 in other science, technology and math related disciplines; 45 were in process technology programs, and another 194 individuals from teacher education programs were recommended for initial licensure.

Previous enrollment declines were attributed to demographic changes and annual budget reductions; however, enrollment declines of 9-10 percent between Fall 2019 and Fall 2020 were exacerbated by the COVID-19 pandemic. However, the “COVID-19 decline” was much less severe than originally anticipated and below the national average due, in part, to efforts by UA universities to move many courses and programs on-line and develop strategies to keep students engaged and supported.

The Center for Strategic Partnerships and Research (CSPR), a program of the UAA Business Enterprise Institute, is working with the United States Department of Labor (USDOL) to help expand access to registered apprenticeship programs. CSPR will create campus-wide engagement and advance a “reskilling and recovery network” to provide career pathways for students who have completed registered apprenticeship programs to transfer their on-the-job training and related technical instruction toward college credit, expediting degree completion. This initiative includes multiple businesses, along with industry and education leaders to identify current issues, develop solutions, and provide career trajectories for individuals who have suffered unemployment and financial turmoil during the pandemic.

Campus safety and regulatory compliance

The University of Alaska implemented systemic improvements in many critical areas to resolve Title IX compliance issues on our campuses and on August 17, 2020 received final notification from the U.S. Department of Education Office for Civil Rights that all requirements have now been completed under the 2017 Voluntary Resolution Agreement (VRA). The VRA outlined specific steps to improve safety and the campus climate throughout the University of Alaska system.

UA remains committed to continuing to foster a culture of respect and a university free of sexual misconduct and harassment. The Board of Regents’ Ad Hoc Committee on Title IX also reaffirmed and recommended the Board pass a motion to ensure its commitment to Title IX and in February 2020 passed a motion to ensure continued coordination, recognizing that completion of the VRA requirements is only the first of many steps the university will take as it strives to maintain campus environments free of discrimination.

On May 6, 2020 the Department of Education released significant new federal Title IX guidelines that detail procedures all universities must follow in cases of sexual harassment and assault on campuses. The rules
became effective August 14, 2020. The federal rule changes were extensive and required changes to key policies governing the University’s Title IX processes. The University instituted the necessary changes to Regents’ Policies and University Regulations to conform to the new guidelines. Ongoing efforts in training and prevention will continue, and UA also continues to ensure that complaints are investigated timely and thoroughly, and provide fair and effective sanctions.

**Research income increases**

Between FY2018 and FY2019, research expenditures, funded by external entities, increased 5 percent to $158 million. FY2020 saw another 2 percent increase in research expenditures to $161 million. To continue building on the success of UA faculty in obtaining external research funding from organizations such as the National Science Foundation, the National Institutes of Health (NIH), the Department of Defense, the Department of Homeland Security, the Department of Energy, NOAA and NASA for individual grants, UA emphasizes statewide collaborative research efforts expanding research capacity in many of these areas.

Grant examples include:

UAF was a leading recipient of funds under Navigating the New Arctic (NNA), one of the U.S. National Science Foundation’s 10 Big Ideas, which embodies the foundation's forward-looking response to the profound challenges in Arctic regions. UAF faculty are working on 18 different active NNA awards cumulatively amounting to nearly $16.5 million. These awards include partnering with communities for adapting and building resiliency under changing climate, predictive modeling, and studying marine ecology, fisheries, wildlife, permafrost, glaciers, fresh ice, water quality, seismicity, arctic infrastructure, and microgrids. The NNA awards also support recruiting and retaining Indigenous scholars.

The Geophysical Institute and Wilson Alaska Technical Center at UAF were designated as a University Affiliated Research Center (UARC) for the Department of Defense to conduct research and development in the geophysical detection of nuclear proliferation. The UARC was awarded a sole-source, five-year $46.7 million Indefinite Delivery Indefinite Quantity (IDIQ) contract and counts among its government customers the U.S. Air Force Technical Applications Center, the U.S. Defense Threat Reduction Agency, the U.S. National Geospatial Intelligence Agency, and the Office of the Assistant Secretary of Defense for Threat Reduction and Arms Control. Several new task orders came in during FY2020, adding about $30 million to the operational budget of the UARC.

The International Arctic Research Center (IARC) was selected for a new National Oceanic and Atmospheric Administration (NOAA) partnership, the Cooperative Institute for Climate, Ocean, and Ecosystem Studies, through which university researchers can receive up to $10 million annually to address climate, ocean and coastal challenges.

UAF’s Arctic Environmental and Engineering Data and Design Support System (Arctic-EDS), a new $1.8 million Department of Defense project, is guiding infrastructure design specifications for high latitudes, where rapid environmental changes and the widespread presence of permafrost and floating ice represent significant challenges for engineers.

The UAA Advanced Instrumentation for Microbiome Studies (AIMS) Core Facility opened in March 2020 and began producing the viral transport media needed for the COVID-19 testing kits, supplying about 1,000 kits a day during the summer. Two external National Institutes of Health (NIH) Grants—Institutional Development Award (IDeA) Network of Biomedical Research Excellence and Transformative Research in Metabolism COBRE—provided funding for the facility.
Other non-state income increases, e.g., tuition and philanthropic gifts

UA’s accomplishments have been made possible because of investments made by the state and federal government to support operations, programs, and research; by private companies, foundations, and individuals, including growing numbers of alumni whose philanthropy enables a margin of excellence; and by UA students and their families who demonstrate their beliefs in what Alaska’s universities provide through their tuition dollars. In FY2020, net tuition and fee revenue covered approximately 22.3% of UA’s unrestricted operating expenses.

Tuition:

UA tuition has historically been less than that of peer 4-year institutions in the Western United States, and that tuition has covered about 25 percent of the cost of education, again, below the Western States average of 30-35 percent. Recent increases in tuition, including a 5 percent increase in academic year 2020 (AY2020), and a 5 percent increase in upper and lower division undergraduate tuition in 2021 (AY2021) have slightly increased student support of education programs. For 2022 the Board agreed to explore differentiated tuition rates, recognizing the different missions of UA’s three universities. Specifically, the Board agreed to a higher tuition rate for upper division (2.5 percent increase) and graduate level (5 percent increase) classes at UAF beginning in the fall of 2021. The increase brings UAF more in line with the tuition rates levied at peer research universities in the western states. There was no tuition increase proposed for either UAA or UAS or for lower division classes at UAF.

Philanthropic gifts:

The University of Alaska Foundation, UAA, UAF, UAS and UA System began UA’s First Systemwide Comprehensive Fundraising Campaign in FY2017. As of November 2020, $126.3 million has been generously donated by corporations, foundations and individual donors to support students, faculty and programs across the UA system. All private support is counted including outright gifts and pledges, planned gifts and private grants. There have been more than 15,300 donors to the campaign, including 6,400 alumni donors. These private contributions are largely (over 95 percent) designated by donors for specific purposes such as scholarships, research and programmatic support. To date, the campaign has been in its “quiet” phase and will launch publicly in 2021.

The four major theme areas of the campaign mirror the Regents’ priorities outlined in this document: A) Culture of Education, Broad Access, Student Success and Educational Equity (Regents’ Priority—Increase Alaska’s degree attainment); B) A Workforce for Alaska (Regents’ Priority—Provide Alaska’s skilled workforce); C) Research Relevant to Alaska and to the Arctic Region (Regents’ Priority—Grow our world class research); and D) Alaska’s Knowledge Base to Grow and Diversify Our Economy (Regents’ Priority—Contribute to a more diversified economy). Properly resourcing UA’s first fundraising campaign is critical and challenging. The fundraising teams at each of the universities have been adversely impacted due to budget cuts, but the UA Foundation and UA System Office are working in partnership with the universities to maximize resource efficiency.

The first UA Giving Day, 49 Hours for the 49th State, held on October 20-21 was a tremendous success. The online giving campaign raised over $672,000 in 49 hours from over 1,100 individual donors in support of UAA, UAF and UAS priorities. The giving day allowed donors to support a program or area they care about, from life changing scholarships, cutting-edge research and outstanding academic programs. The event was a huge opportunity to engage more donors and the community, and to increase UA brand awareness within and outside the state.
Development of UA lands

At the October 2020 Board of Regents’ Facilities and Land Management Committee meeting, UA administration provided an update on the Land Grant Initiative (attachment 3).

The University of Alaska’s land grant, at 110,000 acres, is one of the smallest land grants of any land grant university system in the nation. Overtime, there have been several efforts to remedy the issue.

In September 2020, Alaska’s Congressional Delegation introduced a bill (S 4696/HR 8398) proposing the “University of Alaska Fiscal Foundation Act,” that would establish a formal federal program under which the land conveyances would be executed. UA is working with the Senate Energy and Natural Resources Committee, the Alaska Department of Natural Resources, and the Governor’s Office to advance the legislation.

UA finalized its initial request for lands and has transmitted the request to the Alaska Department of Natural Resources. These lands include about 42,360 acres of state selected land mostly located along the Richardson and Denali highways and at Point MacKenzie. UA is working with the Department’s staff to review our land request package, and assist them as they make their recommendations as to which lands are suitable for conveyance to the University. This will be a crucial step, as DNR needs to develop their process for reviewing our selections. They will need to balance the need to protect the public’s interest in state lands with UA’s need for long-term revenue generation.

UA is looking at lands with potential for long-term revenue generation for the University, consistent with Regents’ Policy P05.11.050 B, Federal and State Land Grants. UA is also considering lands that are consistent with and enhance the educational mission of the University, and that diversify its real property portfolio including lands that have potential for mineral, oil & gas, timber, and other natural resource values, lands with residential, recreational, or commercial value, and wherever possible, lands that are near communities with a need for expansion or economic development.

There is still a long way to go before all the 360,000 acres are identified, and conveyed to the University, and even more time before the University will be able to monetize the lands conveyed. But the acreage is critical to UA’s future as UA strives for fiscal stability. These lands will help fund our future.

Technology investments to lower costs and increase access

Consistent with the agreement between the Governor and the Board of Regents, the University’s ability to make progress on the Board’s goals and objectives will require investment in more agile, student-centric, and cost-effective systems and supporting organizations. UA implemented and completed transition to Zoom as UA’s systemwide video conferencing platform; a strategic initiative undertaken and completed before the emergence of COVID-19, which positioned the university to make a rapid and broad transition to a primarily remote posture, starting in March 2020 and continuing since.

The University of Alaska is under increasing pressure to compete for students and ensure stakeholders that outcomes are worthy of their investments. In addition, 21st-century students demand self-service models and technologies to navigate their university experience with ease. Furthermore, data strategies and analytical capabilities can create new perspectives and insights on improving student and institutional outcomes. Through the years of budget reductions, UA has maintained its limited investment in Information Technology (IT) leaving many of the platforms fragile. In order to stabilize IT, UA is working on a plan to modernize IT by next fall.
**Structural consolidation and consideration of single accreditation**

In 2019 the Board of Regents (BOR) took numerous steps to consider a plan to transition the University of Alaska from three separately accredited institutions into a single accredited institution. After an extensive and collaborative feedback process, and in light of concerns raised by our institutional accreditor, the Northwest Commission on Colleges and Universities (NWCCU), the BOR decided to cease consideration of a single accreditation.

**Conclusion**

UA’s attention is focused on: resizing to a smaller more efficient core foundation; maintaining high-quality programs which the state and industries can trust to educate Alaskans; and continuing the competitive high-quality externally funded research. In order to be successful, post compact, UA needs the legislature and governor to assure stable state funding from which UA will grow enrollment, research, service, partnerships and philanthropy.

In August 2020, the BOR passed a motion directing the UA president to work with the university chancellors and shared governance groups in a transparent and inclusive manner to address the continued budget reductions. Specifically, the Board will regularly receive updates and review progress at upcoming board meetings on the following:

1. As the university works to resize to a smaller solid foundation, develop clarity and standards for administrative and instructional costs relative to student enrollment and review structural options;

2. Analyze opportunities and costs associated with a greater presence of fisheries and ocean science programs on the Juneau campus;

3. Redouble efforts on collaboration across the system, program sharing, and partnerships with industry, communities, and tribal organizations; and,

4. Assure the Alaska College of Education has clear roles and responsibilities for program delivery that address the priority of teacher education that are transparent and well-integrated across the system.

UA has launched a new series called “Did You Know?” designed to highlight the breadth, excellence, and collaboration of programs across the UA system. These messages will help communicate stability, confidence and trust in the universities’ programs; elevate the value of higher education in the state; and increase enrollment in higher education.

In addition to cost effectiveness, the university is focusing on diversifying and increasing revenue through a variety of initiatives including growing enrollment, remediying our land grant deficit, investing in competitive research, monetizing physical assets, and increasing outreach to our alumni and other philanthropic supporters. The legislature's and the governor’s continued support is critical to making these efforts a success.

Attachments:
1. Agreement between Governor and UA Board of Regents
2. Monetizing Capital Assets
3. Land Grant Initiative
Budget and Related Matters Agreement
Governor of the State of Alaska
and
University of Alaska Board of Regents

The Governor and the University of Alaska’s Board of Regents share an interest in the University’s contributions to Alaska’s prosperity and in supporting the University’s goals for the state’s economic development, workforce development, research, educational attainment, and cost effectiveness.

In support of that shared interest, the Governor and the Board of Regents agree to the following terms:

1. In the State budgeting process, the Governor will propose, support, and permit the following:

   A. Operating Budget

      FY 2020    $302 million  (-25 million from FY 2019)
      FY 2021    $277 million  (-25 million from FY 2020)
      FY 2022    $257 million  (-20 million from FY 2021)

   B. Capital Budget

      FY 2020    $5 million
      FY 2021    Facility deferred maintenance TBD
      FY 2022    Facility deferred maintenance TBD

2. With Respect to Land Grants to the University

   Both parties will continue their efforts to remedy the University’s land grant deficit.

3. In Recognition of the agreements and commitments above, the University of Alaska commits to the following:

   The University will report to the Office of the Governor and the Alaska Legislature no later than December 4th of each of the three years of this agreement regarding progress the University has made toward its strategic goals and on the following priorities:

   a. Operating cost reductions.
   b. Administrative overhead reductions.
   c. Strengthening the role of community campuses.
   d. Growth in monetization of University assets.
   e. Enrollment and degree/certificate completion rates.
   f. Campus safety and regulatory compliance.
   g. Research income increases.
   h. Other non-state income increases, e.g., tuition and philanthropic gifts.
Budget and Related Matters Agreement
Governor of the State of Alaska
and
University of Alaska Board of Regents

i. Development of UA lands.
j. Technology investments to lower costs and increase access.
k. Structural consolidation and consideration of single accreditation.

4. In recognition of the agreements and commitments above, the Governor commits to the following.

The Governor will:

a. Support budgeted amounts agreed upon.
b. Support expanded dual-enrollment of college-ready high school students.
c. Support FAFSA completion of high school students.
d. Continue support for the Alaska Performance Scholarship and Alaska Education Grant programs.
e. Explore more appropriate structure for WWAMI appropriation.
f. Be open to discussions surrounding inter-appropriation transfers (FY20) and pursue single-appropriation structure consistent with the Board of Regents’ constitutional authority (FY21).
g. Continue $1.2 million each year of the agreement for facility debt reimbursement.
h. Support land grant transfers.
i. Support increased collaboration between state agencies and the University.
j. Consider other budget items that support University transformation.

This Agreement expires by its own terms, effective three years from the date of signing, and may be extended by mutual agreement in writing.

For the Office of the Governor:           For the University of Alaska, Board of Regents:

Michael J. Dunleavy  Date                  John M. Davies  Date
Governor                     Chair

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The following properties represent achievements and opportunities for monetization to provide a source of capital, reduce maintenance costs and potentially reduce ownership risk. Properties listed are those that are generally being held for operational, educational or investment purposes, and fall outside the routine Land Grant Trust land disposition process.

<table>
<thead>
<tr>
<th>Property Description</th>
<th>Action or Potential Action</th>
<th>Estimated Equity/Value or Annual Lease</th>
<th>Comments/Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>OEM Building – Fairbanks</td>
<td>Sold</td>
<td>$625K</td>
<td>Proceeds used for improvements to UAF facilities and ADA access</td>
</tr>
<tr>
<td>Nome Parcels</td>
<td>In Closing Process</td>
<td>$54K</td>
<td>Proceeds used for Rural College activities and operations</td>
</tr>
<tr>
<td>UAF Administrative Services Building</td>
<td>Sold</td>
<td>$1.2m</td>
<td>Proceeds used as part of UAF bridging strategy and modernization of space</td>
</tr>
<tr>
<td>Sustainable Village (Fairbanks)</td>
<td>Leased</td>
<td>In exchange for services</td>
<td>Lease documents completed</td>
</tr>
<tr>
<td>Westwood Way ‐ Fairbanks</td>
<td>Sell</td>
<td>&lt;$1m</td>
<td>Public notice for sale is complete, under contract for sale. Proceeds revert to Inflation‐Proofing Fund.</td>
</tr>
<tr>
<td>UAA University Center Building</td>
<td>Lease</td>
<td>$1.65m/year</td>
<td>Finalized lease for part of the facility. 35,000 GSF is currently available for lease. Potential for additional space to be leased has interested parties.</td>
</tr>
<tr>
<td>UAF Combined Heat &amp; Power Plant</td>
<td>Power Purchase Agreement, or sell or concession</td>
<td>&lt;$2m/year</td>
<td></td>
</tr>
<tr>
<td>Lake Otis &amp; 36th (vacant lot)</td>
<td>Short term lease</td>
<td>$80,000/year</td>
<td>Ground lease coordination in progress.</td>
</tr>
<tr>
<td>Yukon Flats Center (Fort Yukon)</td>
<td>Lease</td>
<td>&lt;$1m</td>
<td>Public notice completed. Exploring lease options where local interest exists</td>
</tr>
<tr>
<td>Select Seward Facilities and vacant land (Seward)</td>
<td>Sell/Lease</td>
<td>&lt;$10m</td>
<td>Reduce footprint and modernize lab space in Seward commensurate with Sikuliaq ship operations and program needs. Disposal has been approved by Board. Public notice is pending.</td>
</tr>
<tr>
<td>Mat‐Su Experiment Farm &amp; Extension Center</td>
<td>Sell/Lease/resource extraction</td>
<td>Evaluating</td>
<td>Sell/lease the small parcel cut off by Trunk Rd. realignment. Assess options for monetization including but not limited to: parcel valuations, resource assessments, public-private-partnership, sale or lease (in progress). Options to generate revenues through managed resource (gravel) extraction with reclamation or potential sale/lease/other pending analysis.</td>
</tr>
<tr>
<td>Waterfront property downtown Juneau</td>
<td>Lease/Sell</td>
<td>$50K/year</td>
<td>In progress. Funds allocated for appraisal. Proceeding with UA Land Management</td>
</tr>
<tr>
<td>Halibut Cove</td>
<td>Lease/Sell</td>
<td>Unknown</td>
<td>UA Lands assessing for potential revenue generation</td>
</tr>
<tr>
<td>Property Description</td>
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<tr>
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</tr>
<tr>
<td>Geist Road Bunnell Park Parcels</td>
<td>Sell/Lease</td>
<td>$3m</td>
<td>Vacant parcels that are regularly held for sale or lease. These parcels are investment property held by the Inflation-Proofing Fund.</td>
</tr>
<tr>
<td>Farmers Loop/College Road (multiple lots)</td>
<td>Sell/Lease</td>
<td>$77k/year</td>
<td>Income producing from cell tower lease &amp; drive-thru coffee stand</td>
</tr>
<tr>
<td>Alaska Airlines Center</td>
<td>Lease</td>
<td>$3m/year</td>
<td>The property currently receives income from rentals, events, sponsorships and naming rights. Ideas for further monetization opportunities and income streams are needed.</td>
</tr>
<tr>
<td>Natural Science Research Lab - Juneau</td>
<td>Lease/Sell</td>
<td>$2m</td>
<td>Occupied by UA staff and leased to State of Alaska. Monetization contingent on completion of the Auke Bay Integrated Sciences Building</td>
</tr>
<tr>
<td>Jones House - Juneau</td>
<td>Lease</td>
<td>$20k/year</td>
<td>Occupied by Facilities Planning and Construction offices. Not considering a sale as Juneau campus fiber optic ring runs through property</td>
</tr>
<tr>
<td>Kodiak Seafood &amp; Marine Science Center</td>
<td>Evaluating</td>
<td>&lt;$10m</td>
<td>Exploring valuation and options for meeting program needs with smaller footprint.</td>
</tr>
<tr>
<td>University Lake Building &amp; Annex</td>
<td>Lease/Sell or P3</td>
<td>$5m; $440k/year</td>
<td>The properties are in an excellent location that have the potential for a mixed-use facility with industry.</td>
</tr>
<tr>
<td>1815 Bragaw</td>
<td>Lease</td>
<td>Lease income on 1815 and 1835 is approx. $2.2m/year</td>
<td>An Inflation-Proofing Fund (IPF) investment property that currently rents space to Statewide administrative staff. Relocate UA staff to University Center or campus and rent to third parties.</td>
</tr>
<tr>
<td>1835 Bragaw</td>
<td>Lease</td>
<td></td>
<td>Currently leased to third parties with proceeds going to IPF. Now at 0% vacancy with ability to sustain for 10+ years (State tenant interest)</td>
</tr>
<tr>
<td>1901 Bragaw</td>
<td>Lease</td>
<td></td>
<td>Currently occupied by UAA departments. Planning is underway for consolidating university departments on main campus and the biggest barrier to continued progress is funding to renovate space on campus.</td>
</tr>
<tr>
<td>Bragaw vacant lot</td>
<td>Sell/Lease</td>
<td>$1m</td>
<td>Originally purchased as investment property pursuant to Elmore Road extension.</td>
</tr>
</tbody>
</table>
MEMORANDUM

To: Michelle Rizk, Andy Harrington
Date: October 10, 2020
From: Ed Fogels
Subject: October Progress Report

The following is an update on our progress towards identifying 360,000 acres of federal land for conveyance to the University to fulfill its remaining Land Grant Entitlement.

- Our Congressional Delegation has introduced a bill (S 4696/HR 8398) proposing the “University of Alaska Fiscal Foundation Act,” that would establish a formal federal program under which the land conveyances would be executed. We are working with the Senate Energy and Natural Resources Committee, the Alaska Department of Natural Resources, and the Governor's Office to advance the legislation.

- We finalized our initial request for lands desired by the University, and we have transmitted the request to the Alaska Department of Natural Resources. These lands include about 42,360 acres of state selected land mostly located along the Richardson and Denali highways, and at Point MacKenzie. We are now working with the Department’s staff to review our land request package, and assist them as they make their recommendations as to which lands are suitable for conveyance to the University. This will be a crucial step, as DNR needs to develop their process for reviewing our selections. They will need to balance the need to protect the public’s interest in state lands with UA’s need for long-term revenue generation.

- We are in the process of identifying lands for our second request, which will be submitted to DNR by the end of October.

- We are looking at lands with potential for long-term revenue generation for the University, consistent with Regents Policy P05.11.050 B, Federal and State Land Grants. We are looking for lands that are consistent with and enhance the educational mission of the University, and that diversify its real property portfolio. We are looking for lands that have potential for mineral, oil & gas, timber, and other natural resource values, lands with residential, recreational, or commercial value, and wherever possible, lands that are near communities with a need for expansion or economic development.

- Our initial requests will consist predominantly of state selected lands that are not encumbered by any federal land withdrawals. These lands should be relatively easy to convey to the University once the State agrees with our request. Future requests will likely include some encumbered lands, as these are some of the most valuable federal lands left for conveyance to either the State or the University. There is an expectation that some of these withdrawals will be lifted in the future, making these lands available for conveyance.