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Fairbanks, AK 99775-5300

December 3, 2021

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

RE: Compact Agreement Report FY22 (via email)

Dear Governor Dunleavy:

Please find enclosed the University of Alaska's FY22 Compact Agreement report regarding UA's progress toward its strategic goals and the terms of the agreement.

The University of Alaska's attention is focused on rebalancing with a stable foundation, maintaining high-quality programs that the state and industries can trust to educate Alaskans, and continuing competitive high-quality externally funded research. To this end, the university has been developing a long-term plan focused on providing a high-quality student experience, building areas of national prominence, supporting the state's economic recovery, and strengthening the university's close partnerships with business and state agencies.

We look forward to continued conversations about how the University of Alaska can be of service to the State of Alaska.

Sincerely,

A handwritten signature in cursive script that reads "Sheri Buretta".

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
December 3, 2021**

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 has managed through the past reductions and is now operating with an unrestricted base that has been reduced by more than \$70 million since FY2019. The UA Board of Regents receives regular updates on progress toward meeting the reduction targets. Financial stability is an essential requirement for our universities to focus on key state needs and address student demand in areas such as teacher education, business/accounting, engineering, and career/workforce training.

In addition to State funding reductions, UA also faced uncertainty caused by the global pandemic (COVID-19) starting in the spring semester 2020. UA acted quickly and decisively to mitigate the impact of the pandemic on our students, faculty and staff. All three universities pivoted with the necessary response to COVID, providing up to 90 percent of courses online. Going forward, there will be a new normal in the learning environment with approximately 50 percent online courses and continued recruitment and retention efforts, namely in high-demand programs to meet the critical workforce needs of Alaska.

Despite these efforts, UA still expects continued 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 UA universities moving many courses and programs on-line and developing strategies to keep students engaged and supported. Despite these efforts, UA expects tuition revenue for FY2022 to be between \$7-9 million less than FY2021.

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

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 times larger than Delaware).

UA is making progress on a remedy to its historic land grant deficit, in April 2021, Alaska’s Congressional Delegation reintroduced in the 117th Congress a bill (S 1128/HR 2546) 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’s first request of 42,360 acres has been reviewed by the DNR and revised by UA based on their recommendations. UA’s second batch of land selections (129,974 acres) has been transmitted to DNR.

UA is completing its internal review of its third batch of potential grant lands, which consists of lands near the Dalton Highway north of the Yukon River. These lands have high mineral potential, especially for rare earth elements. Once the internal review is complete, this batch will be transmitted to the DNR for their review.

III. STRATEGIC GOALS

In 2017 the UA Board of Regents established five broad goals and ten measures with targets through 2025. The measures and 2025 targets were set with certain assumptions around State support, enrollment, tuition revenue and overall budgets. They did so to provide employees with guidance and direction for their decisions and priorities.

Since this time, the university has experienced many changes such as the implementation of recommendations from the Strategic Pathways process, significant declines in state general fund support (including the Compact Agreement), a declining state population and declining number of high school graduates, and new leadership in the office of the president and chancellors. With these changes it was decided to re-examine UA goals, metrics, measurements and targets as we look toward 2025 and beyond. As before, the revised goals will involve shared ownership among the individual universities and the System Office, and be set with the guiding principle of serving Alaska.

The UA Board of Regents (BOR) is considering the following five goals:

- Foster academic excellence for student success
- Contribute to Alaska’s economic development, skilled workforce and engaged citizenship
- Grow our world-class research
- Promote diversity, equity, and inclusion in students, faculty, and staff
- Operating cost effectively

Until replacement goals and measures are approved by the BOR, UA will continue to update the current measures as required by the Office of Management and Budget Performance Framework. For more information visit this website: <https://omb.alaska.gov/performance/>

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 FY2021 UA’s: unrestricted Operating Expenses (excluding intra-agency transfers) decreased each year, in the aggregate \$125.0 million (20.0%); restricted Operating Expenses increased \$10.5 million (6%) mostly due to increased federal grants and contract activity at UAF’s Geophysical Institute.

Operating Expenses (\$ in millions)									Change \$; %
	FY14	FY15	FY16	FY17	FY18	FY19	FY20*	FY21*	FY14-FY21
Unrestricted	\$ 625.1	\$ 620.0	\$ 607.7	\$ 584.4	\$ 588.6	\$ 579.1	\$ 550.5	\$500.1	(\$125.0);(20.0%)
Restricted	175.7	169.9	172.3	171.3	165.2	170.2	169.7	186.2	10.5; 6.0%
Intra-UA	52.5	54.0	54.3	78.2	66.5	68.7	82.3	104.1	51.6; 98.3%
Total	\$ 853.3	\$ 843.9	\$ 834.3	\$ 833.9	\$ 820.3	\$ 818.0	\$ 802.5	\$790.4	(\$62.9); (7.4%)

* excludes all expenditures from COVID relief funds

UA BOR Report to the Governor and Legislature December 3, 2021

Since fall of 2014 UA staffing has been reduced by 2,233; 931(21% reduction) regular and 1,302(33% reduction) temporary employees. Of the regular employee reductions 607(20% reduction) were staff and 324 (23% reduction) were faculty positions.

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 FY2021, such costs decreased, in the aggregate \$8.8 million; or 11.5%. There was a slight increase in FY2021 (\$4.9 million) which can be explained by less employee leave usage, refiling vacancies in critical support areas, and fluctuation in the internal benefit rate.

Institutional Support - Salaries & Benefits Costs (\$ in millions)								\$ Change	% Change
FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY14 to FY21	FY14 to FY21
\$ 76.5	\$ 73.2	\$ 69.4	\$ 67.0	\$ 65.6	\$ 64.5	\$ 62.8	\$67.7	(\$8.8)	(11.5%)

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. Efforts at all three universities have focused on developing clear articulation agreements for “2+2” programs to seamlessly transition students from certificate and associate degree programs into 4-year baccalaureate programs. The rapid transition to more on-line offerings because of the COVID-19 pandemic has allowed UA to increase degree program access and course availability through enhanced 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 in our efforts to diversify our student population in association with the Alaska Native Success Initiative. The Alaska Native Success Initiative five-year strategic plan addresses the board’s priority.

[https://go.boarddocs.com/ak/alaska/Board.nsf/files/C89SGE729AE0/\\$file/ANSI_strat_plan_nodef_10-29_FINAL.pdf](https://go.boarddocs.com/ak/alaska/Board.nsf/files/C89SGE729AE0/$file/ANSI_strat_plan_nodef_10-29_FINAL.pdf)

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 November 4, 2021 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. 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; Natural Sciences Research Lab in Juneau; and a potential power purchase agreement for the UAF Combined Heat and Power Plant in Fairbanks.

Enrollment and degree/certificate completion rates

Enrollment:

Student full-time equivalent (FTE) enrollment dropped by about one-quarter (4,750 FTE) over the last five years, with almost two-thirds of the decline associated with the global pandemic, beginning in the second half of FY2020. Fall graduate program majors remained relatively steady between FY2020 and FY2021, while undergraduate program majors fell 9 percent. Non-degree seeking student enrollment dropped about 20 percent in the last year, reflecting this group's higher sensitivity to economic instability.

Over the last five years, student enrollment has declined due to fewer high school graduates entering postsecondary education, fewer programs and budget uncertainty, coupled with significant enrollment losses since onset of the pandemic. The focus now is on increasing student enrollment, by continuing to foster new students as well as working with continuing students to encourage re-enrollment.

UA is committed to seeing enrollment 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.

Student Access:

UA continues to improve and expand access to higher education; key enrollment strategies include:

- Recruitment of new students (through financial aid leveraging, niche markets in western states, dual enrollment, and massive open online courses (MOOCs));
- Retaining existing students (advising interventions and academic success center);
- Promoting student success (living learning communities and internships);
- Supporting workforce development (focusing on education, mariculture, health, and other community and technical college (CTC) niche programs);
- Outward facing activities (modernizing business models); and
- Request for a much-needed modernization of UA's student facing IT systems.

Continued state support of the Alaska Performance Scholarship (APS) and the Alaska Education Grant (AEG) is good for students and the state, as both programs are recognized to improve the college-going rate,

UA BOR Report to the Governor and Legislature December 3, 2021

preparedness for college, and retention and graduation rates for Alaska high school students. Significant, multi-year scholarship support is associated with increased probability of graduation within six years for all students, with enhanced graduation rates for students who are better prepared for college.

UA needs to modernize the student-facing IT systems including necessary security upgrades and cloud migration. Enrollment is key to serving Alaska and UA's future budget stability. UA's student information technology system needs to be modernized to compete well in the post-COVID environment. The pandemic has shown the critical need to have a reliable, robust system.

Implemented 30 years ago, UA's student-facing IT systems are out of date and compare poorly against peers in terms of delivering a quality student experience. UA must improve these capabilities to remain competitive in the marketplace and offer a more user-friendly entry point for the student. This major system upgrade would facilitate student recruitment, retention, and success for our three universities.

Credentials Awarded:

Some modest declines in program completion numbers were anticipated as a result of overall enrollment levels dropping. Recent degree award declines are anticipated to be temporary, with future growth expected as student enrollment stabilizes and rebounds. Today, a higher proportion of enrolled students are completing programs and earning credentials each year than in FY2017, with the ratio of annual awards to enrolled students each fall improving from 1:6 in 2017 to 1:5 in 2021.

An area of emerging strength for all three universities is undergraduate certificate programs. These workforce focused programs can be completed in a shorter time frame, ranging from one semester to two years. The number of graduates from these programs has grown 13 percent in the last year, topping 570 awards in FY2021.

UA is fundamental to Alaska's economic recovery, delivering relevant programs that qualify graduates to take current and future jobs in the state. Of program graduates remaining in Alaska one year after graduation, 90 percent were employed in-state. Last year, about 1 in 10 Alaska workers were graduates of UAA, UAF, or UAS.

Despite prior enrollment declines, UA remains optimistic about possible improvement in program completions, with investments aimed to improve student retention and more innovative and on-line program delivery options.

Credentials Awarded in the Area of Teaching:

In FY2021, 154 individuals were recommended for initial licensure. The number of teacher education program graduates who qualify for initial licensure decreased about 40 percent in the last five years. However, more than half the decline occurred since the pandemic began, going from 194 in FY2020 to 154 in FY2021.

Although overall enrollment in teacher education was down 46 percent from FY2017 and 3 percent from a year ago, there was an enrollment upswing of 50 percent or more at the Alaska College of Education and UAF College of Natural Science & Mathematics School of Education in the Special Education graduate licensure program (140 percent), the Elementary Education licensure program (57 percent), and the Secondary Education teaching credential program (50 percent) respectively.

Although total graduates from initial teacher preparation programs declined some at all three universities over the last five years, performance is expected to improve relatively quickly in this area. UA-trained new and continuing K-12 educators are in high demand within Alaska, with nearly 90 percent working in the state within

UA BOR Report to the Governor and Legislature December 3, 2021

a year of graduating. Additional information about teacher education program employment outcomes can be found here:

https://www.alaska.edu/research/wd/reports/Education_UAWorkforceReport_Final_12-1-20.pdf

In an effort to strengthen teacher education, UA established the Alaska College of Education Consortium (ACEC) in June of 2021. This consortium consists of the education schools at UAA, UAF and UAS, with the goal of providing a framework and mechanism for communication, collaboration, and resource/information sharing among the programs. The consortium is developing strategies to increase enrollment and graduates, communicate the breadth of existing programs, assess state needs, and ensure that academic pathways and opportunities for students are maintained or expanded upon. They are also working on ensuring that a full array of programs and services are available to educate students across the state and online through faculty in Schools of Education and affiliated programs at each university. UA has launched a website connecting students to the wide variety of education program offering across the UA system <https://www.teachalaska.org/>

Health and Related Profession Program Graduates:

Alaska's health care costs are among the highest in the nation. One way to counteract high costs is to grow our own health care workforce.

The number of health and related profession program awards decreased about 6 percent (52 awards) between FY2020 and FY2021, a drop of about 5 percent (40 degrees) since FY2017. Some UA health programs operate on a rolling cohort cycle, which can result in annual peaks and drops in the total number of health and related profession graduates. Following the expected cycle, FY2018 and FY2020 were peak years, with another peak anticipated for FY2022.

The overall number of majors enrolled in health and related programs also dropped a little in the last year, about 4 percent, although the number of majors pursuing shorter term graduate certificates grew 150 percent between FY2020 and FY2021.

Health and related professions train students for critical jobs that also stabilize Alaska's economic recovery and future growth. UA's programs in these areas train students to work in high-demand fields necessary for Alaska's economic stability and growth. For example, about 90 percent of UA nursing and certified nurse aid program graduates are working in Alaska within one year of graduation. For more information on health and related program employment outcomes see:

https://www.alaska.edu/research/wd/Health_UAWorkforceReport_Final_1-6-21.pdf

Credentials Awarded in the Area of Science, Technology, Engineering and Mathematics (STEM):

Program completions in the areas of Science, Technology, Engineering, and Math (STEM) account for one-third of annual graduates across the system. Degrees, certificates and endorsements awarded in STEM areas declined 12 percent (185 awards) between FY2020 and FY2021, and 19 percent (316 awards) between FY2017 and FY2021.

Some modest declines in program completion numbers were anticipated as a result of overall enrollment levels dropping in recent years. However, recent degree award drops are anticipated to be temporary, with future growth expected as student enrollment stabilizes and rebounds from onset of the global pandemic.

UA BOR Report to the Governor and Legislature December 3, 2021

Students completing science, technology, engineering and math programs are qualified to help meet Alaska's job market needs for a wide range of industries like oil and gas, information technology, mining, and many more. UA continues to provide education and training to fill Alaska's growing need for qualified employees.

Campus safety and regulatory compliance

Safety and compliance are foundational issues at the University of Alaska. UA ensures compliance with federal civil rights laws, working to prevent and address misconduct and discrimination under Title IX, Title VII, and the Americans with Disabilities Act among other laws. This also includes educating UA community members to know how and when to report, efficiently and effectively addressing received reports, providing parties with appropriate supportive measures, implementing consistent processes across the university system, delivering quality student and employee sex and gender-based discrimination prevention training, and coalescing all of these efforts under federal guidance.

UA remains committed to fostering a university free of sexual misconduct and harassment. Reports to UA Equity and Compliance departments decreased in the past year by 12%* overall and reports of sexual assault essentially remained constant from the prior year. UA will administer a national campus climate student survey in February 2022; prior survey administrations were in 2017 and 2019.

The U.S. Department of Education recently released new guidance titled Questions and Answers on the Title IX Regulations on Sexual Harassment. It includes sixty-seven questions and answers regarding the Office for Civil Rights interpretation of an institution's responsibilities under Title IX and the 2020 amendments (final Rule) to the regulations. UA is working to institute necessary changes to Regents' Policies and University Regulations. 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.

* Note: occurred during UA's COVID-19 response.

Research income increases

UA research is a dynamic and growing part of Alaska's economy. For each \$1 invested, over \$6 of revenue is generated for Alaska. UA research is focused on Alaskan issues such as energy, fisheries, infrastructure engineering, and health.

FY2021 research expenditures systemwide grew by more than \$16 million, or 10 percent, over FY2020 and FY2017 levels, reaching an all-time high of \$177 million. Growth was driven by UAF, which performs the vast majority of research. Both UAA and UAS experienced declines of 11 and 9 percent respectively over the last year.

A climate of innovation and collaboration helps advance growth in research, creative works, and commercialization, as well as engaging undergraduate and graduate students, who continue to gain skills and knowledge in support of becoming tomorrow's leaders.

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 growth. UA has invested in Arctic Initiatives like Arctic Domain Awareness Center (ADAC), Showcasing UA Research and Innovation Through Media (Alaskan Goldminds), One Health Circumpolar Initiative, Experimental Arctic Prediction Initiative, and Center for Arctic Policy Studies to continue to build their competitive capacity. UA's climate of innovation and collaboration is advancing growth in research, creative works, and commercialization

by engaging undergraduate and graduate students, they are continuing to gain skills and knowledge to become tomorrow's leaders.

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 FY2021, 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 30-40 percent. Prior to 2022, UA had a uniform tuition rate at all three of its universities and at its community campuses. For 2022 the Board of Regents 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. For 2023, the Board approved an 11 percent increase in tuition for lower division classes offered only at the UAF Fairbanks (main) campus, while having no tuition increase at its community campuses.

This further differentiates tuition associated with UAF's missions as both a 4-year research intensive institution and one that fulfills the community college mission in its region. The increase brings UAF more in line with the tuition rates levied at peer research universities in the western states. There will be no tuition increase for 2022 or 2023 at UAA and UAS as their tuition is currently more in line with their peer institutions and missions.

Philanthropic gifts:

The University of Alaska Foundation, UAA, UAF, UAS, and UA System Office began UA's first systemwide philanthropic fundraising campaign in FY2017. The public launch of this campaign took place on March 25, 2021, with the announcement of a total dollar goal of \$200 million to be raised by the end of FY2025. This is a comprehensive fundraising campaign with all private support counted including outright gifts and pledges, planned gifts, and private grants. As of October 2021, more than \$164 million has been raised through generous contributions from individuals, corporations, and foundations to support students, faculty, and programs across the UA system. There have been more than 16,800 unique donors to the campaign, including 6,700 alumni donors. These private contributions are predominately (more than 95 percent) designated by donors for specific restricted purposes such as scholarships, research, and supplemental programmatic support. Contributions cannot be directed to university operations or to replace budget reductions.

Properly resourcing UA's first philanthropic fundraising campaign is critical, but it has been challenging due to recent budget reductions. The advancement and development teams at each of the universities have been reduced, which adversely impacts the effectiveness of UA's fundraising efforts. However, the UA Foundation, UAA, UAF, UAS, and UA System Office are working collaboratively to utilize limited resources efficiently for achieving the campaign goals.

UA BOR Report to the Governor and Legislature December 3, 2021

The UA Giving Day tradition, which launched in fall of 2020, is a collaborative effort between the UA Foundation and the three universities. The *49 Hours for Alaska* online event focused on the impact the universities make on thousands of lives and livelihoods across the state, and encouraged philanthropic support for students, academic and training programs, and research.

Giving Day provides opportunities to engage the community and expand the system's donor base, while increasing UA's brand awareness within and outside the state. This year's event, held on November 9-10, 2021, was an even bigger success than last year, raising more than \$1 million from more than 1,600 alumni, community members, corporate partners, faculty, and staff. Donations came from 41 states and 12 countries, and were designated to support specific programs, scholarship funds or research enterprises.

Development of UA lands

The University of Alaska Land Management office (LMO) manages approximately 149,076 acres of investment and educational lands. The LMO mission is to generate revenue and support campuses through land sales, long-term leases, and permits. In fiscal year 2021 (FY2021), the LMO team generated \$8.2 million in gross receipts from real estate and natural resource development activities, up from ~\$6.8 million in 2020. Revenue generated from LMO actions benefit the campuses, University Foundation, LMO, UA Scholars, and other activities such as student recruitment and retention, supporting cooperative extensions, system-based scholarship, and the University of Alaska Press.

In addition to monetizing current land holdings, the LMO continued efforts to remedy UA's 360,000-acre land grant deficiency. The LMO engaged with the Alaska Department of Natural Resources, the Alaska Department of Law, the Regional Solicitor's Office, the Bureau of Land Management, and Alaska's Congressional delegation to work towards legislation and identify high quality, short- and long-term income generating lands.

Natural resource activities generated \$453,181 in revenue for FY2021 resulting in a 7% increase from last fiscal year. The revenue from the University's lump-sum timber sale on its Vallenar Bay parcel accounted for 40% of the revenue in addition to 24% in oil & gas royalties, 24% in material sale agreements, and 12% in a coal lease.

Technology investments to lower costs and increase access

A critical multi-year University IT infrastructure investment was completed when a standby electrical generator supporting the Butrovich Building and its data center was successfully installed. This investment allows the University to move forward with confidence that the Butrovich Data Center (BDC) facility is more resilient than ever for the customers that it serves. This better positions the BDC hosted enterprise services, as well as research applications serving UA and its research partner. for disaster recovery and business continuity.

UAF, through the Office of Information Technology (OIT), was awarded a \$733,518 grant from the United States Department of Agriculture (USDA) Rural Utilities (RUS) Distant Learning and Telemedicine (DLT) program. This competitive award will fund technology upgrades to better support distance education. Over the next three years, the grant will fund the replacement of outdated technology that enables distance delivery including new displays, webcams, microphones and computers for classrooms. This investment will help to modernize the student learning experience between the Chukchi, Kuskokwim, Northwest, Bristol Bay, Community and Technical College (CTC), and Troth Yedha' campus in Fairbanks.

UA recently partnered with the Department of Homeland Security and the Multi-State Information Sharing and Analysis Center to expand its knowledge and capabilities around threats, vulnerabilities, and compensating

controls. These resources are provided at no cost to UA and have dramatically improved visibility while offering new tools and educational opportunities at zero cost to the three universities and the system office.

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 on October 7, 2019 to cease consideration of a single accreditation.

On August 5, 2020, the BOR rescinded their June 4, 2020 approval to Prepare a Conceptual Plan to Review a Structural Option Involving a Merger of the University of Alaska Southeast and the University of Alaska Fairbanks.

Conclusion

The University of Alaska has been developing a long-term plan focused on providing a high-quality student experience, building areas of national prominence, supporting the state's economic recovery, and strengthening our close partnerships with business and state agencies.

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. Enrollment is key to serving Alaska and its workforce needs. Implemented 30 years ago, UA's student-facing IT systems are out of date and compare poorly against peers in terms of delivering a quality student experience. UA must improve these capabilities to remain competitive in the marketplace and offer a more user-friendly entry point for the student. This major system upgrade would facilitate student recruitment, retention, and success for our three universities.

UA continues the "Did You Know?" series 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.

<https://www.alaska.edu/news/did-you-know/>

UA's attention is focused on: rebalancing with a stable foundation; maintaining high-quality programs which the state and industries can trust to educate Alaskans; and continuing competitive high-quality externally funded research.

Attachment:

1. Agreement between Governor and UA Board of Regents

**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 8-13-19
Governor Date



John M. Davies 8-13-2019
Chair Date