University of Alaska Performance Report

Reference #2

Board of Regents
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Fairbanks, Alaska

Prepared by Statewide Planning and Budget
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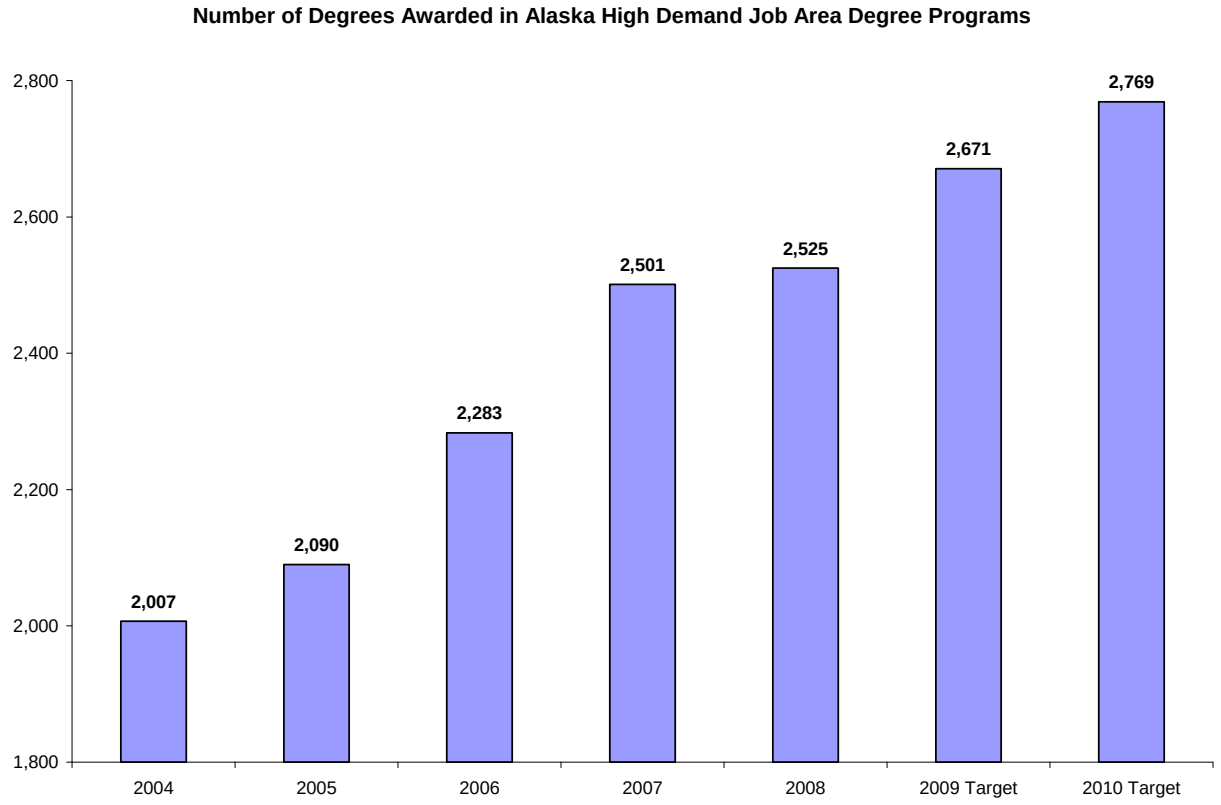
High Demand Job Area Degrees, Certificates and Occupational Endorsements

Target: A target of 2,796 degrees and certificates awarded in high demand job area (HDJA) programs in FY10.
Measure: The number of Alaska HDJA degrees and certificates awarded.



Analysis of results and challenges: UA generated 24 more HDJA awards in FY08 than in FY07, for a total of 2,525. This performance level represents a 1 percent increase, just under the FY08 target increase of 2.6 percent (2,565 awards). UA expects HDJA performance increases of 6 percent in FY09 and 5 percent in FY10, as newly established HDJA programs begin producing graduates. The target for FY10 and future performance projections are based on full funding of the proposed FY10 operating and capital requests.

It is important to note that in August 2008 the HDJA program listing was updated based on the new 2004-2014 Alaska Occupational Forecast from the State of Alaska Department of Labor. The programs added include 29 occupational endorsements and 30 other programs created since FY03. Past performance has been normalized to include performance for these programs, increasing past performance number by: 1 award in FY04; 2 awards in FY05; 36 awards in FY06; and 55 awards in FY07.

Though overall enrollment has remained stable over the last four years, proportionally more students choose to enroll in HDJA programs over programs in other areas of study. This is an area UA has chosen to focus resources in order to best align degree programs with state priorities. HDJA students tend to complete these programs at a higher rate than other degree programs and are now working in Alaska. However, there are higher costs associated with most HDJA programs due to: need for competitive wages to recruit faculty; smaller class sizes because of strict accreditation limits and lab constraints; and needs for costly equipment.

Educating students in HDJA programs is a responsibility that all UA campuses contribute to. Overall, about 55 percent of students who receive a HDJA degree or certificate attend more than one campus during their career.

HDJA programs include: nursing, allied health, behavioral health, engineering, welding, computer networking, construction management and technology, information technology, business, accounting, logistics, and many others aligned with the Department of Labor and Workforce Development workforce projections.

MAU Performance Highlights

UAA generated 1,535 HDJA awards falling 1 percent below its FY07 performance level and below the FY08 target of 1,575 HDJA awards. Strategies for future growth on this measure at UAA will focus on increased awards in the specific high demand job areas of health, engineering and construction.

UAF generated 731 HDJA awards in FY08, which was a 1 percent decrease from its FY07 performance level and below the FY08 target of 745 awards. UAF anticipates 4 percent growth per year in FY09 and FY10 when newly established HDJA programs are expected to produce their first graduates.

UAS generated 259 HDJA awards in FY08 growing by over 26 percent from its FY07 performance level, and exceeding its FY08 target by 5.7 percent. Future HDJA award growth strategies at UAS include: developing more HDJA programs; increasing access to HDJA program courses through alternative offering formats; continued program initiatives that increase recruitment and retention and targeted enrollment in HDJA programs.

Funding Impact

There is a lag between investments made in a program and degree production. This lag is due to a lag between enrollment growth and degree production, because students take one to four years to complete most programs.

Past State-Funded Program Increments

UA received program increments in FY07 totaling $4.2 million in general funds for Preparing Alaskans for Jobs and Continuing Programs in State Needs. For both of these increments there was associated $3.7 million in student tuition and fees and other non-state revenue sources. The Preparing Alaskans for Jobs program increment supported: expansion of engineering programs such as the Alaska Native Science and Engineering Program (ANSEP) and programs in construction and mining technology; and vocational education. The Continuing Programs in State Needs increment supported: teacher and early childhood education programs; distance delivery of high demand job area programs; and nursing, behavioral health and allied health programs.

In FY09, the state invested $5.5 million of general funds in the Preparing Alaskans for Jobs. Also dedicated in support of this program increment was $2.6 million in student tuition and fees and other non-state revenue sources. The Preparing Alaskans for Jobs program increment supported the high demand program areas of health, engineering, and fisheries. This funding will positively impact this measure.

Other unfunded FY09 requests in the area of student success ($1.6 million) would have indirectly supported planned growth on this measure by improving recruitment and degree completion. In FY09, the state also funded the $46 million UAA Health Sciences building, which will provide space for students pursuing degrees in nursing and health sciences fields, as well as program faculty and staff.

UA also receives annual Technical Vocational Education Program (TVEP) funding, which is temporary funding specific to workforce development programs. This funding source has been particularly valuable for program start-up funding, bridge funding and meeting equipment and lab needs necessary to meet industry standards. Since 2001 key areas supported include nursing and allied health, construction and mining training, process technology, information and network technology, and early childhood education. UA has consistently used TVEP funding to start and maintain programs to meet immediate needs, then, after evaluation, if employer and student demand is projected to maintain for several years, general funds are requested and the program is transitioned to the long term funding source.

Internal Reallocations

In only four of the last ten years, (FY01, FY02, FY07 and FY09) have legislative appropriations of state funding covered the level necessary to fund salary, benefit and fixed cost increases and allow for state funded program growth. However, the University recognized the need for priority program growth and through maximizing external revenue, internal efficiencies, and reallocations the Board of Regents has distributed funding towards priority programs every year.

In FY08, the funding UA received from state appropriations was $1.6 million less than UA's compensation and fixed costs increases and did not provide funding for key programs. However, given the critical and urgent nature of proceeding with programmatic needs, $2.5 million general fund was reallocated to the highest priority programs, including health, engineering, construction, mining, and geography.

FY10 Operating Request

To simply maintain existing performance levels, the fixed costs items in the proposed FY10 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

In the proposed FY10 operating request, there are high demand job area program increments for: Engineering at $1.6 million in general funds; Health academic programs at $1.8 million in general funds; and workforce programs at $1.2 million in general funds. The accompanying non-state contribution for these program increments is another $1.2 million in student tuition and fees and other revenue, such as industry contributions. Funding of these program increments would allow UA to increase enrollments and graduates in HDJA program areas.

In FY10, there is also a K-12 Outreach increment at $2.6 million in general funds to increase the preparation of incoming students; and the successful completion of educational goals. Improvement in these areas will provide support for future growth in this measure.

FY10 Capital Request

To simply maintain performance, funding for Maintaining Existing Facilities Renewal and Renovation (R&R) Annual Requirement in the proposed FY10 capital request is required.

FY10 capital requests to meet increasing capacity demands and provide students with quality learning experiences that will help retention to graduation include: UAF Life Sciences Innovation and Learning; University Equipment Refresh; and Planning for UA Engineering and Energy Technology.

Looking to the Future

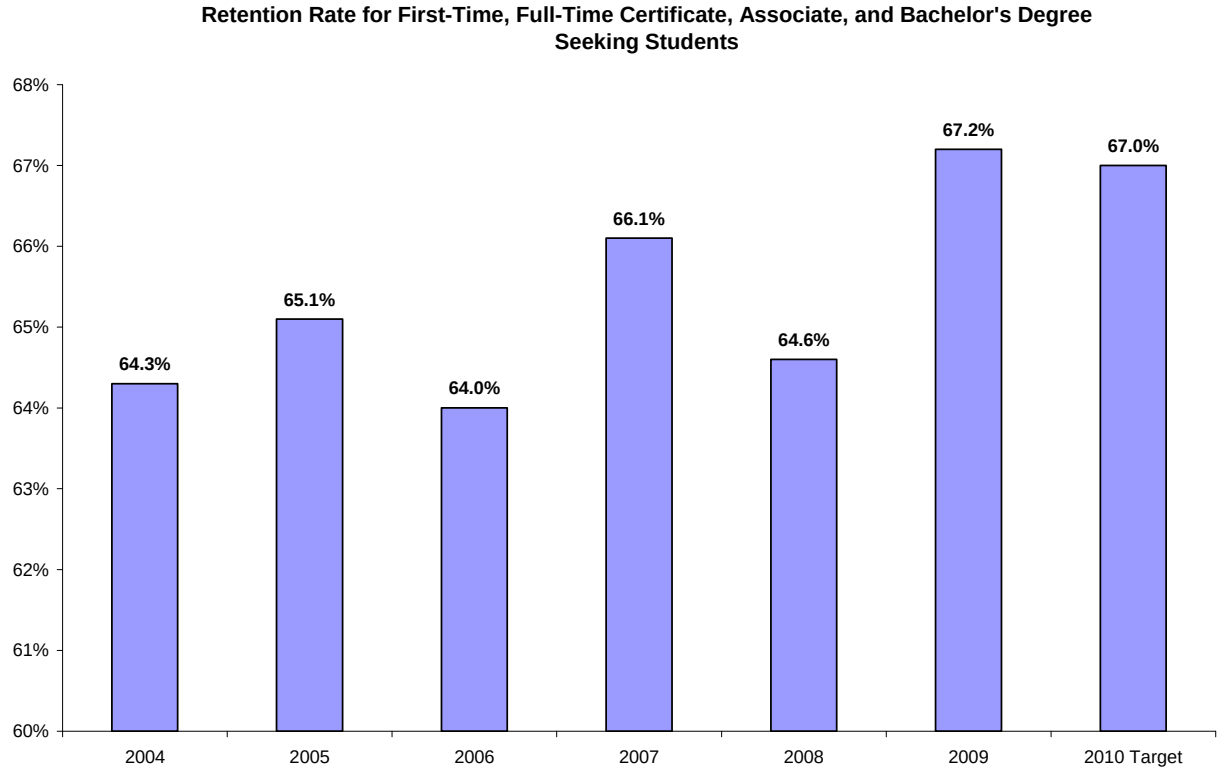
Future growth on this performance measure will be reliant on: continued state investment toward high demand job area programs; a continued commitment to capital renewal and renovation; and capital investments in equipment and facilities to support HDJA program enrollment growth.

Providing education and training for students to pursue careers in the state's high demand fields is one of UA's primary roles. Of the 314 occupational categories included in the 2004-2014 Occupational Forecast from the State of Alaska Department of Labor (http://www.labor.state.ak.us/research/trends/apr03ind.pdf), 54 occupational categories were identified as high demand (i.e., classified as best bet occupations in Alaska, growing in the number of jobs available and having higher than average wages). High demand job areas include occupations as diverse as Welders, Computer System Analysts, and Educators.

For more in depth information and analysis on this performance measure, see the comprehensive analyses conducted by UAA, UAF, UAS and the Office of Statewide Planning and Budget Development at: http://www.alaska.edu/swbudget/pbb/

Undergraduate Retention

Target: A target 67% retention rate for first-time full-time students in undergraduate and certificate programs in FY10.
Measure: Retention rate for first-time full-time students in undergraduate degree and certificate programs.



Analysis of results and challenges: The FY09 undergraduate retention rate at UA reached an all time high at 67 percent retention. This performance was above the FY09 target of 66 percent retention, and was a substantial increase from the FY08 performance. FY09 performance supports the fact that undergraduate retention rates fluctuate from year to year, but overall retention rates are trending upwards. Therefore, UA is optimistic about achieving its undergraduate retention goal for FY14 of 69 percent, recognizing there will be year-to-year variance.

MAU Performance Highlights

UAA retained an all time high of 68.7 percent of its first-time full-time undergraduates in FY09. This performance was 2 percentage points above the FY08 retention rate and 2.7 percentage points above the FY09 target. UAA anticipates being able to maintain a 68 percent retention rate through FY14.

In FY09, UAF also retained an all time high of 66.5 percent of its first-time full-time undergraduates. This performance level represents a 2.6 percentage point increase from the FY08 performance level, and 0.5 percentage points above the FY09 target. UAF anticipates continued improvement on this measure through a student support services program that will provide personalized and comprehensive academic support such as tutorial services, small study groups, academic advising, mentoring and personal support, technology resources, and cultural and social engagement. Another UAF strategy to improve performance on this measure is increased supplemental instruction for courses with low student success rates.

UAS retained 53.7 percent of its first-time full-time undergraduates in FY09. This performance level represents a 1.9 percentage point increase from the FY08 performance level, and 0.7 percentage points above the FY09 target. A key strategy at UAS to improve performance on this measure is the guide program with students (GPS), which partners incoming students with a staff or faculty mentor.

Funding Impact

Past State-Funded Program Increments

The program requests that most directly impact this measure are in the areas of student success, student demand and college preparation. In FY07, UA received an increment for Continuing Programs in State Needs totaling $2.2 million in general funds. Within this increment was a portion for meeting student demand ($295,000 GF; AND $280,000 NGF). Also within that increment was funding for high demand programs and distance education support for high demand programs. This funding should increase student retention as it reduces the need for students to leave UA to take the programs they are looking for.

In FY09, the state invested $5.5 million of general funds in the Preparing Alaskans for Jobs. Associated with this program increment was another $2.6 million in student tuition and fees and other non-state revenue sources. The Preparing Alaskans for Jobs program increment supported the high demand program areas: health; engineering; and fisheries. The total state funding for this increment was $300,000 short of the original BOR request for this increment. This funding indirectly impacts this measure. It is important to note that there were some program specific student success initiatives funded within the engineering and health increments.

Other unfunded FY09 requests in the area of student success ($1.6 million) would have directly supported planned growth on this measure by improving recruitment and degree completion. In FY09, the state also funded the $46 million UAA Health Sciences building, which will provide space for students pursuing degrees in nursing and health sciences fields, as well as program faculty and staff. This added space should improve the student experience in these areas and positively impact performance on this measure.

UA also receives annual Technical Vocational Education Program (TVEP) funding, which is temporary funding specific to workforce development programs. This funding source has been particularly valuable for program start-up funding, bridge funding and in meeting equipment and lab needs necessary to meet industry standards. Since 2001 key areas supported include nursing and allied health, construction and mining training, process technology, information and network technology, and early childhood education. UA has consistently used TVEP funding to start and maintain programs to meet immediate needs, then, after evaluation, if employer and student demand is projected to maintain for several years, general funds are requested and the program is transitioned to the long term funding source.

Internal Reallocations

In only four of the last ten years, (FY01, FY02, FY07 and FY09) have legislative appropriations of state funding covered the level necessary to fund salary, benefit and fixed cost increases and allow for state funded program growth. Internal efforts have been focused on undergraduate retention, however due to funding shortfalls and reallocations in FY08, no additional resources were directed to this area.

FY10 Operating Request

To simply maintain existing performance levels, the fixed costs items in the proposed FY10 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

In FY10, there are two increment requests, K-12 Outreach ($2.6 million GF) and the student achievement portion ($790,000 GF) of Workforce and Campus Programs. The student achievement increment request will help students succeed with increased investment in proven strategies such as learning communities and freshman seminars. The K-12 Outreach request addresses the preparation and success of incoming students. These increments are anticipated to result in retention rate increases over time.

UA's status as a research university helps attract and retain high caliber students. To continue to attract and retain these students it is important for UA to maintain relevant research. The FY10 has three research related increments: energy and cooperative extension service; climate; and biomed capacity totaling $3.5 million in general funds and having associated with them $9.4 million in non-state funds.

FY10 Capital Request

To simply maintain performance, funding for Maintaining Existing Facilities Renewal and Renovation (R&R) Annual Requirement in the proposed FY10 capital request is required.

FY10 capital requests to meet increasing capacity demands and provide students with quality learning experiences that will help retention to graduation include: UAF Life Sciences Innovation and Learning; University Equipment Refresh; and Planning for UA Engineering and Energy Technology.

Looking to the Future

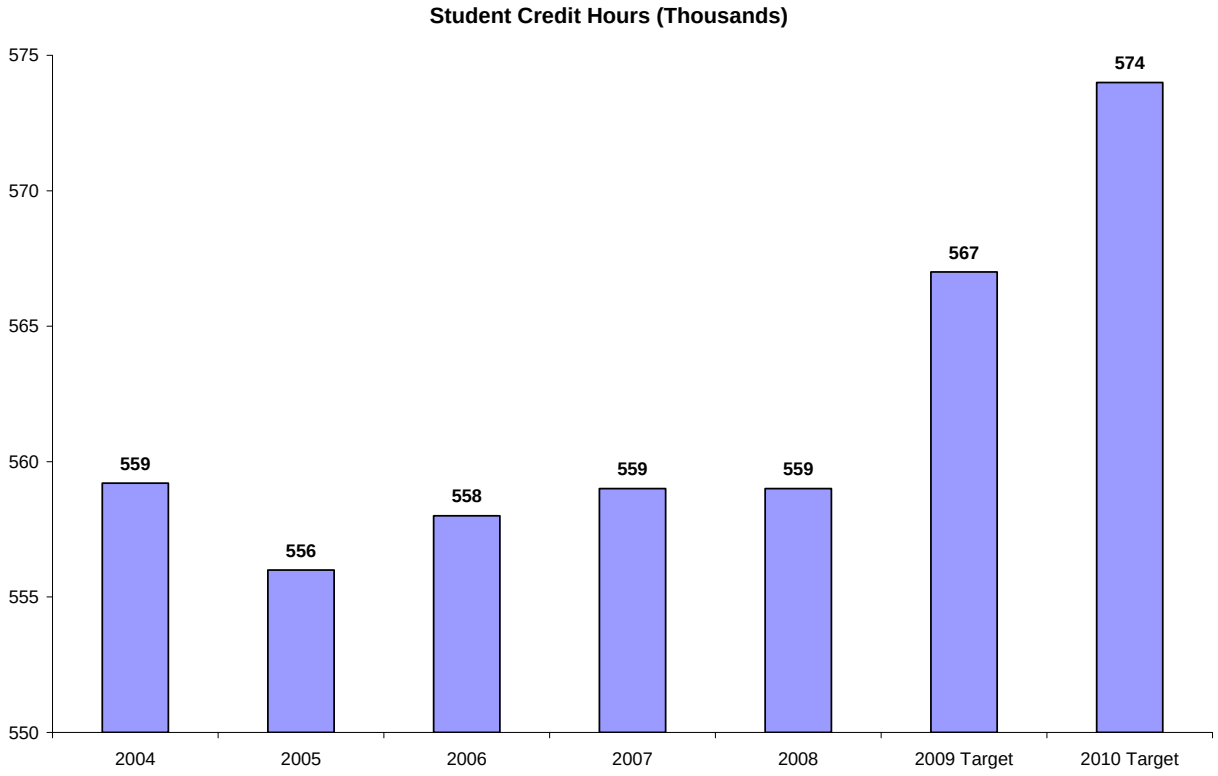
Future growth on this performance measure will be reliant on increased partnerships with K-12 to better prepare high school students for college. Across the nation and here in Alaska the issue of college and career readiness has become a focal point for higher education. The job landscape has changed such that individuals must be able to succeed at some form of post-secondary education in order to succeed and advance economically. UA will continue to work collaboratively with K-12, employers and others to address these issues in the short- and long-term.

Retention rate is defined as the percentage of first-time students in a given term that return to the institution the following fall.

For more in depth information and analysis on this performance measure, see the comprehensive analyses at: http://www.alaska.edu/swbudget/pbb/

Student Credit Hours

Target: A target of a 574,000 Student Credit Hours (SCH) attempted in FY10.
Measure: The number of SCH attempted.



Analysis of results and challenges: UA's FY08 student credit hour generation is equal to its all time high achieved in FY04 and FY07. This performance is, however, below the FY08 target of 562,000 SCH. This is due in part to better employment opportunities being available to potential students in some areas of the state. Early FY09 estimates based on preliminary fall 2008 data are sufficient for UA to be optimistic about achieving its FY10 goal.

It is important to note that while overall enrollment is relatively flat, enrollment in high demand job area programs continues to be strong, with a preliminary 4 percent increase from fall 2007 to fall 2008. Students are enrolling in programs most aligned to the workforce needs of the state. The targets for FY09 and FY10 represented in the above chart are based on median MAU targets.

MAU Performance Highlights

UAA delivered 340,000 SCH in FY08, which was 1,000 SCH more than the FY07 performance level but 1,000 SCH less than the FY08 target. To achieve its FY10 SCH target UAA would have to average a 1 percent increase in FY09 and FY10.

In FY08, UAF delivered 172,000 SCH, which was a 1,000 SCH increase from the FY07 performance level and equal to the FY08 target. UAF anticipates 1.5 percent growth per year in FY09 and FY10. Some strategies to help attain this performance are: refocusing of the admissions office to more of a recruitment office; increasing communication with high school counselors; and recruiting trips to selected community colleges in the Pacific Northwest.

UAS delivered 47,000 SCH in FY08, which was 2,000 SCH below the FY07 performance level and the FY08 target. UAS's performance level is mostly attributed to the school of arts and sciences which accounts for over half of UAS's SCH production. Key strategies at UAS to improve performance on this measure include: expansion of faculty student mentoring for declared degree students; better scheduling of general education requirements; creating articulation agreements with community campuses.

Funding Impact

Past State-Funded Program Increments

Program increments improve SCH by attracting students to expanded program offerings and increasing retention. Increased retention improves SCH because new students are in addition to retained students rather than in place of non-retained students.

UA received program increments in FY07 totaling $4.2 million in general funds for Preparing Alaskans for Jobs and Continuing Programs in State Needs. For both of these increments there was associated $3.7 million in student tuition and fees and other non-state revenue sources. The Preparing Alaskans for Jobs program increment supported: expansion of engineering programs such as the Alaska Native Science and Engineering Program (ANSEP) and programs in construction and mining technology; and vocational education. The Continuing Programs in State Needs increment supported: teacher and early childhood education programs; distance delivery of high demand job area programs; and nursing, behavioral health and allied health programs.

In FY09, the state invested $5.5 million of general funds in the Preparing Alaskans for Jobs. Associated with this program increment was another $2.6 million in student tuition and fees and other non-state revenue sources. The Preparing Alaskans for Jobs program increment supported the high demand program areas: health; engineering; and fisheries. The total state funding for this increment was $300,000 short of the original BOR request for this increment. This funding will positively impact this measure, by improving recruitment.

Other unfunded FY09 requests in the area of student success ($1.6 million) would support planned growth on this measure by improving recruitment. In FY09, the state also funded the $46 million UAA Health Sciences building, which will provide space for students pursuing degrees in nursing and health sciences fields, as well as program faculty and staff.

UA also receives annual Technical Vocational Education Program (TVEP) funding, which is temporary funding specific to workforce development programs. This funding source has been particularly valuable for program start-up funding, bridge funding and in meeting equipment and lab needs necessary to meet industry standards. Since 2001 key areas supported include nursing and allied health, construction and mining training, process technology, information and network technology, and early childhood education. UA has consistently used TVEP funding to start and maintain programs to meet immediate needs, then, after evaluation, if employer and student demand is projected to maintain for several years, general funds are requested and the program is transitioned to the long term funding source.

Internal Reallocations

In only four of the last ten years, (FY01, FY02, FY07 and FY09) have legislative appropriations of state funding covered the level necessary to fund salary, benefit and fixed cost increases and allow for state funded program growth. Internal efforts have been focused on student enrollment, however due to funding shortfalls and reallocations in FY08 no additional resources were directed to this area.

FY10 Operating Request

To simply maintain existing performance levels, the fixed costs items in the proposed FY10 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

The FY10 increment request for K-12 Outreach Programs ($2.6 million GF) will improve the preparation of incoming students as well as helping students identify and successfully complete educational goals. Funding for this increment may also improve the rate at which recent high school graduates go on to post-secondary education. Alaska has one of the lowest "college going" rates in the nation for recent high school graduates, which could be partially addressed through this increment by increasing the number of young adults who successfully transition from high school to college. The anticipated impact of these strategies is an increase in SCH as students take additional courses to meet their educational goals. In addition, the increment requests for Engineering, Health academic programs, and workforce programs totaling $4.6 million in general fund will support the target growth in student credit hours.

FY10 Capital Request

To simply maintain performance, funding for Maintaining Existing Facilities Renewal and Renovation (R&R) Annual Requirement in the proposed FY10 capital request is required.

FY10 capital requests to meet increasing capacity demands and provide students with quality learning experiences that will help SCH through expanded course offerings, and improved recruitment and retention are the: UAF Life Sciences Innovation and Learning; University Equipment Refresh; and Planning for UA Engineering and Energy Technology. In order to continue strong growth in the number of students enrolled in key programs the issues of facility capacity for key program areas will need to be addressed.

Looking to the Future

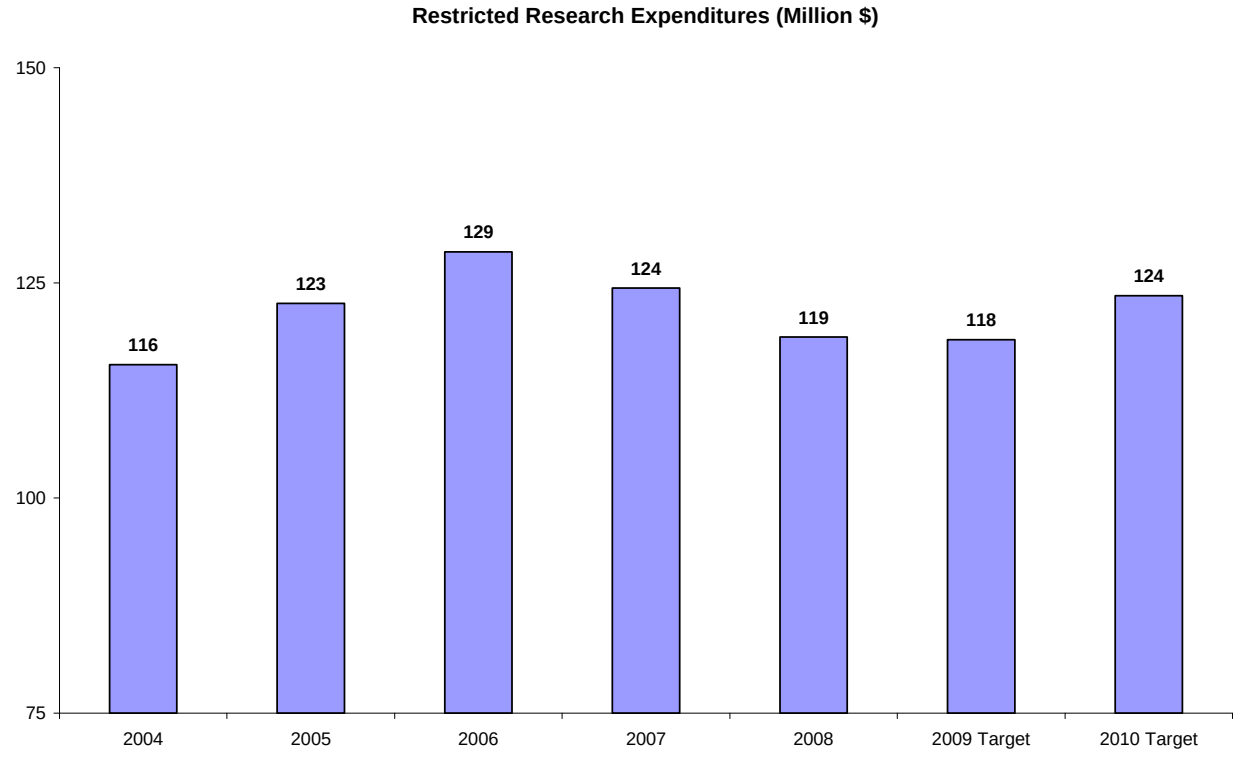
Future growth on this performance measure will be reliant on increased partnerships with K-12 to better prepare high school students for college. Across the nation and here in Alaska the issue of college and career readiness has become a focal point for higher education. The job landscape has changed such that individuals must be able to succeed at some form of post-secondary education in order to succeed and advance economically. UA will continue to work collaboratively with K-12, employers and others to address these issues in the short- and long-term.

The University, as the primary provider of community college and university higher education mission for the state, serves both traditional and non-traditional aged students. Student credit hour increases are just one indicator that the University of Alaska is providing critical workforce training and educational opportunities that meet the needs of the citizens of Alaska. An increase in credit hours contributes to the university's overall revenue base, which in turn helps fund programs, salary, fixed cost increases, and base investments necessary to reach the enrollment target. Efforts to increase the number of credit hours enrolled positively influences headcounts of full time, part time, non-credit, and vocational education students.

For more in depth information and analysis on this performance measure, see the comprehensive analyses at: http://www.alaska.edu/swbudget/pbb/

Restricted Research Expenditures

Target: A target of $124 million in grant funded expenditures in FY10.
Measure: The amount of grant funded research expenditures.



Analysis of results and challenges: In FY08, restricted research expenditures decreased by 4.6 percent (-$5.7 million) from the FY07 performance level. The FY08 target for this measure was equivalent to a 4.7 percent increase. A number of factors, most notably facility constraints, contributed to a drop in performance during FY08 and, left unmitigated, will diminish expected future growth on this performance measure.

Past growth in research that UAF experienced came on the heels of major investments in research space made by UAF and funded by revenue bonds. That research space is filled to capacity and the older facilities are in need of upgrades to remain competitive. Future growth in research and indirect cost recovery is not possible without additional space. Expected gains in climate change and energy related research revenue will be offset from declines in other areas that will have space and general funding reallocated from them.

These factors, coupled with the more competitive federal funding environment for research, make state investment a requirement for further progress on this performance measure. Research at the University of Alaska is responsible for 2,400 jobs in Alaska, a $92 million payroll, and $125 million in purchased goods.

MAU Performance Highlights

UAA generated $8.8 million in research expenditures in FY08, which was a $1.5 million decrease from the FY07 performance level and $3.4 million below the FY08 target. It is expected that UAA will maintain its FY08 performance level through FY14.

In FY08, UAF generated $107.8 million in research expenditures, which was a $5.1 million decrease from the FY07 performance level and $9.2 million below the FY08 target. UAF is hoping to hold steady at the FY08 level in FY09 and then grow by just over 4 percent in FY10, based on state investment in FY10 research related program increments. In FY08, UAF represented 91 percent of total UA restricted research expenditures. Two strategies at UAF to improve this measure are to increase the numbers of PhD-seeking students, and to the number and productivity of faculty conducting research in biomedical fields.

UAS generated $2.1 million in research expenditures in FY08, which represented a $900,000 increase from the FY07 performance level and $1.1 million more than the FY08 target. This performance level is rather extraordinary given the core mission of UAS. Future performance levels are anticipated to moderate to a stable level of $1.0 million.

Funding Impact

Past State-Funded Program Increments

In FY07, UA received a legislative appropriation of state funding of $1 million toward the requested $6 million Competitive University Research Investment increment. This provided direct support for: UA's joint psychology PhD and bio-medical research development; and Geographic Information Network of Alaska (GINA).

In FY07, additional, temporary funding from sources such as BP/ConocoPhillips was used toward research activities related to the International Polar Year (IPY) that are anticipated to have far-reaching, long-term, positive impact on UA research competitiveness, including: hiring 13 post-doctoral researchers in key Alaska related research areas; and the Scenarios Network for Alaska Planning (SNAP) to develop global warming scenarios. This IPY research investment has produced a significant amount of research funding, but gains in this area have been more than offset by losses in other areas.

Internal Reallocations

In only four of the last nine years, (FY01, FY02, FY07 and FY09) have legislative appropriations of state funding covered the level necessary to fund salary, benefit and fixed cost increases and allow for state funded program growth. Internal efforts have been focused on research, however due to funding shortfalls and reallocations in FY08 no additional resources were directed to this area. As a result of not receiving capital funding for research facilities, UA's Indirect Cost Recovery (ICR) rate has declined in FY04 and again in FY08.

FY10 Operating Request

To simply maintain existing performance levels, the fixed costs items in the proposed FY10 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

For FY10, the operating program requests that will most directly impact grant funded research expenditures include: Energy and Cooperative Extension Service ($1.4 million GF), Climate ($825,000 GF), and Health Programs – BioMed Capacity ($1.2 million GF). Associated with these increments is another $9.4 million in non-state funds.

FY10 Capital Request

Sufficient funding for Maintaining Existing Facilities and Equipment Renewal and Renovation Annual Requirement is necessary simply to maintain current performance levels. To remain competitive and retain students it is important to keep UA buildings and equipment competitive.

In the proposed FY10 capital request, beyond the $50 million needed in R&R, the items that will most directly impact performance on this measure include, UAF Life Sciences Innovation and Learning ($82.2 million GF, $20.6 million NGF), the BIOS alternate approach; Planning for UA Engineering and Energy Technology; and the UAF Alaska Region Research Vessel ($90 million in Federal Receipt authority), pending NSF authorization of this new amount; Energy Projects ($21 million GF); and Climate Projects ($21.5 million GF). These facilities and capital projects will improve UA's ability to attract Federal receipts and improve the indirect cost recovery rate which will be set again in FY11.

Looking to the Future

Future investments in information technology requirements including connectivity will need to be made in order for UA to remain competitive. Preparation including docking facilities will need to be made to support the Alaska Region Research Vessel coming online.

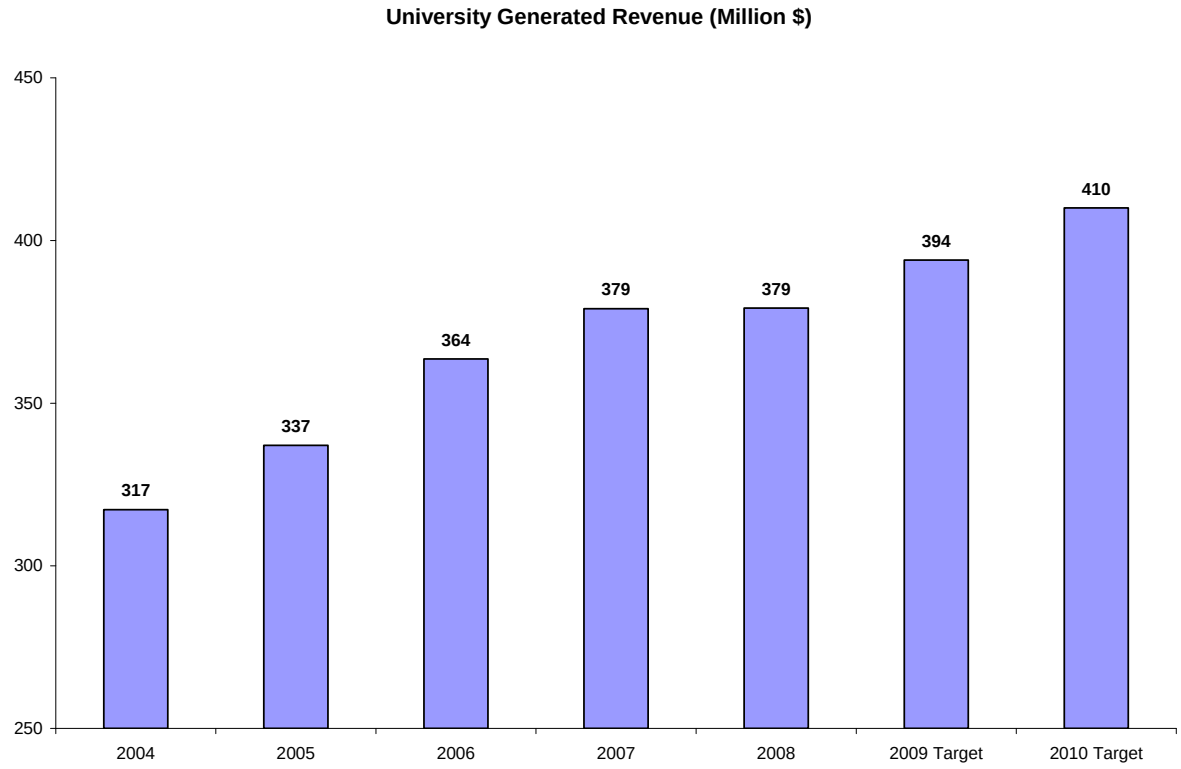
Even with operating budget investments, the University of Alaska is struggling with space constraints. Future growth in research and indirect cost recovery is not possible without additional space. Expected gains in climate change and energy related research revenue will be offset from declines in other areas that will have space and general funding reallocated from them.

Research at the University of Alaska is a critical component in the delivery of programs and services that are of value now and to the future of Alaska. UA success in achieving its goals and objectives is depended upon consistent external and internal research funding. In addressing these funding realities, UA aggressively seeks new opportunities with federal, state and private agencies to ensure continuing capability of research programs in areas aligning UA, MAU, and campus research priorities.

For more in depth information and analysis on this performance measure, see the comprehensive analyses at: http://www.alaska.edu/swbudget/pbb/

University Generated Revenue

Target: A target of $410 million in university and federal receipts in FY10.
Measure: The amount of revenue the University of Alaska receives from external sources such as federal, tuition and fees, and university receipts.



Analysis of results and challenges: University generated revenue in FY08 remained at the FY07 performance level of $379 million, falling short of the target increase of 2.1 percent. The FY09 and FY10 forecasted targets each equivalent to an annual 4.1 percent increase, represent the minimum growth needed in order to meet current anticipated fixed cost increases.

Growth in university generated revenue is expected to be moderate due to modest increases in tuition revenue and growing development efforts mitigated by a more competitive federal funding environment, as well as challenges with other major external, temporary funding sources, such as the Denali Commission.

<u>MAU Performance Highlights</u>
UAA generated $127 million in university generated revenue in FY08, which was a $5 million increase from the FY07 performance level but $1 million below the FY08 target. UAA primary strategies for future growth on this performance measure include: increased enrollment, which generates more student tuition and fees; and more strategic and targeted development efforts, resulting in pronounced increases in philanthropic giving.

In FY08, UAF generated $211 million in university generated revenue, which was a $1 million increase from the FY07 performance level but $7 million below the FY08 target. UAF is anticipating modest growth in FY09 mainly contributable to student tuition and fees revenue increases and increases in philanthropic giving. UAF's FY10 UGR target is based on full-funding of the FY10 operating and

capital budgets. Funding for the requests will help improve student tuition and fees and research revenue at UAF.

UAS generated $20 million in university generated revenue in FY08, which represented a $1.0 million increase from the FY07 performance level and $1.0 million more than the FY08 target. UAS's performance level may be due to the rather exceptional research expenditures performance. Future performance growth will come primarily from student enrollment growth.

Funding Impact

Past State-Funded Program Increments

UA received program increments in FY07 totaling $4.2 million in general funds for Preparing Alaskans for Jobs and Continuing Programs in State Needs. For both of these increments there was associated $3.7 million in student tuition and fees and other non-state revenue sources. The Preparing Alaskans for Jobs program increment supported: expansion of engineering programs such as the Alaska Native Science and Engineering Program (ANSEP) and programs in construction and mining technology; and vocational education. The Continuing Programs in State Needs increment supported: teacher and early childhood education programs; distance delivery of high demand job area programs; and nursing, behavioral health and allied health programs.

UA received a legislative appropriation of state funding in FY07 of $1 million toward the requested $6 million Competitive University Research Investment increment. This provided direct support for: UA's joint psychology PhD and bio-medical research development; and Geographic Information Network of Alaska (GINA).

In FY09, the state invested $5.5 million of general funds in the Preparing Alaskans for Jobs. Associated with this program increment was another $2.6 million in student tuition and fees and other non-state revenue sources. The Preparing Alaskans for Jobs program increment supported the high demand program areas: health; engineering; and fisheries. This funding will positively impact this measure, by improving recruitment.

UA also receives annual Technical Vocational Education Program (TVEP) funding, which is temporary funding specific to workforce development programs. This funding source has been particularly valuable for program start-up funding, bridge funding and in meeting equipment and lab needs necessary to meet industry standards. Since 2001 key areas supported include nursing and allied health, construction and mining training, process technology, information and network technology, and early childhood education. UA has consistently used TVEP funding to start and maintain programs to meet immediate needs, then, after evaluation, if employer and student demand is projected to maintain for several years, general funds are requested and the program is transitioned to the long term funding source.

Internal Reallocations

In only four of the last nine years, (FY01, FY02, FY07 and FY09) have legislative appropriations of state funding covered the level necessary to fund salary, benefit and fixed cost increases and allow for state funded program growth. The funding UA received from state appropriations in FY08 was $1.6 million less than UA's compensation and fixed costs increases and did not provide funding for key programs. However, given the critical and urgent nature of proceeding with programmatic needs, $2.5 million in base general funds was reallocated to the highest priory programs in FY08, such as health, engineering, construction, mining, and geography.

Additional, temporary funding from sources such as BP/ConocoPhillips was used toward research activities related to the International Polar Year (IPY) that are anticipated to have far-reaching, long-term, positive impact on UA research competitiveness, including: hiring 13 post-doctoral researchers in key Alaska related research areas; and the Scenarios Network for Alaska Planning (SNAP) to develop global warming scenarios.

FY10 Operating Request

To simply maintain existing performance levels, the fixed costs items in the proposed FY10 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

For FY10, the operating program requests that will impact this measure through grant funded research expenditures include: Energy and Cooperative Extension Service ($1.4 million GF), Climate ($825,000 GF), and Health Programs – BioMed Capacity ($1.2 million GF). Associated with these increments is another $9.4 million in non-state funds.

For FY10 the operating program requests that will impact this measure through increased student enrollment resulting in increased student tuition and fees include: Engineering, Health academic programs, and workforce programs totaling $5.1 million in general funds; and K-12 Outreach Programs with $2.6 million in general funds.

FY10 Capital Request

Sufficient funding for Maintaining Existing Facilities Renewal and Renovation (R&R) Annual Requirement is necessary simply to maintain current performance levels. To remain competitive and retain students it is important to keep UA buildings and equipment competitive.

In the proposed FY10 capital request, beyond the $50 million needed in R&R, the items that will most directly impact performance on this measure include, UAF Life Sciences Innovation and Learning ($82.2 million GF, $20.6 million NGF), the BIOS alternate approach; Planning for UA Engineering and Energy Technology; and the UAF Alaska Region Research Vessel ($90 million in Federal Receipt authority), pending NSF authorization of this new amount; Energy Projects ($21 million GF); and Climate Projects ($21.5 million GF). These facilities and capital projects will improve UA's ability to attract Federal receipts and improve the indirect cost recovery rate which will be set again in FY11.

FY10 capital requests to meet increasing capacity demands and provide students with quality learning experiences that will help SCH through expanded course offerings, and improved recruitment and retention: UAF Life Sciences Innovation and Learning; University Equipment Refresh; and Planning for UA Engineering and Energy Technology.

Even with operating budget investments, the University of Alaska is struggling with space constraints for both programs and research. In order to continue strong growth in the number of students enrolled in key programs the issues of facility capacity for key program areas will need to be addressed. The strong growth in research that UAF has experienced in recent years came on the heels of major investments in research space. That space is now filled to capacity and the older facilities are in need of upgrades to remain competitive.

Looking to the Future

Other capital requests on the horizon include: new and renovated dormitories which will affect auxiliary receipts a portion of university generated revenue; future program related facilities such as Health Sciences Phase II; and a docking facility for the Alaska Region Research Vessel.

The University, through its urban and rural campuses, is the State of Alaska's primary source of higher education and workforce development and, as such, remains a high priority for the State. The university, through its entrepreneurial practices, has the ability to leverage the State's investment to generate additional revenue through student tuition, research grants, and other service opportunities. The continued success and expansion of this leverage ability is crucial to university growth. However, student, business partner and federal agency confidence in UA is inextricably linked to the State's continued investment in UA. The University of Alaska is constantly looking for new opportunities to ensure maximum leveraging of state appropriations.

University-generated revenue includes the following revenue categories: University Receipts (Interest Income, Auxiliary Receipts, Gross Tuition/Fees, Indirect Cost Recovery, and University Receipts), Federal Receipts, CIP Receipts, and State Inter-Agency Receipts. University generated revenue does not include UA Intra-Agency Receipts, which are duplicated.

For more in depth information and analysis on this performance measure, see the comprehensive analyses at: http://www.alaska.edu/swbudget/pbb/

University of Alaska
Draft Fiscal and Performance Plan
October 2008

This document provides targets and goals for the university's key performance measures through FY14 in the context of a draft "Long Range Fiscal Plan". The long-range fiscal plan is required by law[1] for the first time this session, and the Governor's Office of Management and Budget (OMB) is requiring that each department submit estimates of existing program costs and the costs of any expected new initiatives for the succeeding ten fiscal years. Two scenarios are provided for discussion: a program growth scenario and a program maintenance scenario. These two scenarios provide a high level look at expected performance over the next ten years in context of revenue and expenditure projections. These scenarios are presented for review by the Board of Regents (BOR) prior to final submission to OMB along with the approved capital and operating budget increment requests.

UA's performance-based budgeting is a mechanism to recognize resource alignment with key strategic goals and is a major influence in the budget process. This system has been incrementally integrated into UA's budget process since inception in FY04 and is a driving factor in the operating and capital request recommendations. Seven performance measures are currently tied to performance funding, including: high demand job area program awards, student retention, student credit hour enrollment, grant-funded research expenditures, university generated revenue, strategic enrollment management planning and academic program outcomes assessment. Each MAU will begin reporting on the new non-credit instructional activity measure in the FY09 performance reports, to be submitted fall 2009.

As part of the annual budget request cycle, each MAU submits an in-depth assessment of recent performance, in light of mission, strategies, and established expectations. In addition, each MAU proposes and/or updates targets and goals for the upcoming five year period. The president and each chancellor agree on appropriate targets and goals for each MAU. Throughout the year MAUs monitor the impact of implemented strategies and operating condition changes on performance and adjust strategies as needed to meet, or understand differences from, targets and goals. The FY08 MAU performance reports are available online at: http://www.alaska.edu/swbudget/pbb/

In FY09, each MAU will determine the distribution of its FY09 performance funding pool in support of performance-related strategies. One percent of general funds is the expected funding pool size, although annual circumstances will dictate the amount chosen by the MAU for internal reallocation. These performance funds are allocated to appropriate strategic investments and reported as part of the overall performance and accountability process.

An overview of performance goals through FY14 is provided in Table 1 (p. 19). Note that targets have been reset based on actual FY09 funding, FY10 increment requests, and recent analysis of UA's internal and external environment. The two draft fiscal scenarios are presented in context of revenue, expenditure and performance goals, starting with the program growth scenario on p. 21 and the program maintenance scenario on p. 24.

[1] House Bill 125, enacted as ch. 86 SLA 2008, requires the governor to submit a fiscal plan to the legislature, in conjunction with the budget request, providing estimates of significant sources and uses of funds for the succeeding 10 fiscal years.

Table 1. University of Alaska
Performance Measures, FY05-FY14

Note: The FY10 - FY14 targets and goals listed here were developed with the assumption of full funding for UA's FY10 operating and capital budget requests.

High Demand Job Graduates	FY05 Actuals	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY08 Targets	FY09 Targets	FY10 Target	FY11 Goals	FY12 Goals	FY13 Goals	FY14 Goals	Average Annual % Change, FY09 - FY14
UAA	1,268	1,358	1,555	1,535	1,575	1,646	1,728	1,815	1,905	2,001	2,091	5.3%
UAF	640	727	741	731	745	760	790	820	850	880	910	3.7%
UAS	182	198	205	259	245	265	278	289	301	312	331	4.2%
Health	*644*	*676*	*723*	*749*	*753*	*790*	*830*	*872*	*915*	*961*	*1,003*	*5.0%*
Baccalaureate Engineering	*72*	*89*	*78*	*84*	*100*	*110*	*120*	*150*	*200*	*200*	*200*	*16.4%*
High Demand Job Graduates	**2,090**	**2,283**	**2,501**	**2,525**	**2,565**	**2,671**	**2,796**	**2,924**	**3,056**	**3,193**	**3,332**	**4.7%**
Percent Change from Prior Year	**4.1%**	**9.2%**	**9.5%**	**1.0%**	**2.6%**	**5.8%**	**4.7%**	**4.6%**	**4.5%**	**4.5%**	**4.4%**	

Note: To provide comparable trend data, historical totals are adjusted to reflect the current listing of HDJA programs, last updated August 2008.

FTFT Undergraduate Retention	FY05 Actuals	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY08 Targets	FY09 Actuals	FY10 Target	FY11 Goals	FY12 Goals	FY13 Goals	FY14 Goals	Average Annual % Change, FY09 - FY14
UAA	65.3%	64.4%	67.6%	66.7%	67.0%	68.7%	68.0%	68.0%	68.0%	68.0%	68.0%	0.3%
UAF	65.4%	63.4%	65.7%	63.9%	67.0%	66.5%	67.0%	68.0%	69.0%	70.0%	71.0%	1.8%
UAS	64.0%	66.0%	57.5%	51.8%	67.0%	53.7%	55.0%	57.0%	59.0%	61.0%	63.0%	3.3%
Baccalaureate	*71.7%*	*69.7%*	73.0%	*71.6%*	*74.0%*	*73.5%*	*74.4%*	*75.6%*	*76.7%*	*77.8%*	*77.8%*	1.4%
Baccalaureate Scholars	*82.4%*	*79.2%*	79.6%	*83.0%*	*81.0%*	*85.3%*	*81.2%*	*82.4%*	*83.6%*	*84.8%*	*84.8%*	0.4%
Retention	**65.1%**	**64.0%**	**66.1%**	**64.6%**	**68.0%**	**67.2%**	**67.0%**	**67.5%**	**68.0%**	**68.4%**	**68.9%**	**1.1%**
Percent Change from Prior Year	**1.2%**	**-1.7%**	**3.3%**	**-2.3%**	**2.9%**	**4.0%**	**-0.2%**	**0.7%**	**0.7%**	**0.7%**	**0.7%**	

SCH Attempted (Thousands)	FY05 Actuals	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY08 Targets	FY09 Targets	FY10 Target	FY11 Goals	FY12 Goals	FY13 Goals	FY14 Goals	Average Annual % Change, FY09 - FY14
UAA	331	336	339	340	341	344	347	349	352	354	358	0.8%
UAF	172	169	171	172	172	175	178	179	181	183	185	1.2%
UAS	54	52	49	47	49	48	49	51	52	54	56	2.9%
SCH Attempted	**556**	**558**	**559**	**559**	**562**	**567**	**574**	**579**	**585**	**591**	**598**	**1.1%**
Percent Change from Prior Year	**-0.6%**	**0.3%**	**0.2%**	**0.0%**	**0.6%**	**1.4%**	**1.2%**	**0.8%**	**1.1%**	**1.0%**	**1.2%**	

Note: Figures include year-long courses.

Table 1. University of Alaska
Performance Measures, FY05-FY14
Continued

Note: The FY10 - FY14 targets and goals listed here were developed with the assumption of full funding for UA's FY10 operating and capital budget requests.

Research Expenditures (Million $)	FY05 Actuals	FY06 Actuals	FY07 Actuals	FY08 Actuals*	FY08 Targets	FY09 Targets	FY10 Target	FY11 Goals	FY12 Goals	FY13 Goals	FY14 Goals	Average Annual % Change, FY09 - FY14
UAA	11.3	13.7	10.3	8.8	12.2	8.8	9.0	9.0	9.0	9.0	9.0	0.4%
UAF	110.7	114.1	112.9	107.8	117.0	108.6	113.5	116.1	118.8	124.0	127.2	2.8%
UAS	0.6	0.8	1.2	2.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-8.7%
Research Expenditures	**122.6**	**128.6**	**124.4**	**118.7**	**130.2**	**118.4**	**123.5**	**126.1**	**128.8**	**134.0**	**137.2**	**2.5%**
Percent Change from Prior Year	**6.1%**	**4.9%**	**-3.3%**	**-4.6%**	**4.7%**	**-0.3%**	**4.3%**	**2.1%**	**2.1%**	**4.0%**	**4.0%**	

University Generated Revenue (Million $)	FY05 Actuals	FY06 Actuals	FY07 Actuals	FY08 Actuals*	FY08 Targets	FY09 Targets	FY10 Target	FY11 Goals	FY12 Goals	FY13 Goals	FY14 Goals	Average Annual % Change, FY09 - FY14
UAA	108	118	122	127	128	135	141	148	156	164	173	5.3%
UAF	194	204	210	211	218	216	225	233	242	253	264	3.8%
UAS	18	20	19	20	19	20	21	21	22	22	23	2.2%
SW	17	22	28	21	22	22	23	24	26	27	28	4.5%
University Generated Revenue	**337**	**364**	**379**	**379**	**387**	**394**	**410**	**427**	**445**	**466**	**487**	**4.3%**
Percent Change from Prior Year	**6.2%**	**7.9%**	**4.2%**	**0.1%**	**2.1%**	**3.8%**	**4.2%**	**4.0%**	**4.3%**	**4.6%**	**4.6%**	

*FY08 Actuals will be finalized in November and only minor changes are anticipated.

Draft Program Growth Scenario
Significant Assumptions for Revenue, Expenditure, and Performance Goals
FY09 – FY19

Performance Goals:

(1) High Demand Job Area Program (HDJA) Awards will reach over 3,300 by FY14, providing an additional 600 trained workers annually beyond the FY09 level of nearly 2,700 awards. This is equivalent to an average annual increase of 4.5 percent from FY09 – FY14. From FY14 – FY19, the rate of growth is expected to moderate to an average 3.6 percent annually, reaching a level of nearly 4,000 awards by FY19. This is equivalent to an additional 1,300 trained workers annually beyond the FY09 level.

(2) Student Credit Hours (SCH) will grow by 31,000 from FY09 – FY14, an average annual increase of 1.1 percent per year. This growth rate is expected to moderate to 0.5 percent average annual growth from FY14 – FY19, yielding 613,000 student credit hours annually by FY19. This is equivalent to 46,000 more student credit hours delivered annually than in FY09.

(3) Grant Funded Research Expenditures will grow by about $18.8 million from FY09 to FY14, averaging 3 percent growth each year. From FY14 through FY19, stronger growth is expected, averaging 5.8 percent annually. By FY19 grant funded research expenditures will have grown to more than $180 million annually, up $62 million from the FY09 level.

Environmental Assumptions:

(1) Population shifts due to prolonged high heating fuel prices or a gas pipeline are not considered.

(2) The number of annual Alaskan high school graduates will peak in 2008-2009 at just under 8,000 and will decline by more than 15 percent (approximately 1,300) by FY14. Increased college preparation and student success efforts will be required to offset declines in the number of high school graduates.

(3) The Federal funding environment will become increasingly more competitive.

(4) Continued focus on efficiency and reallocation toward BOR priorities over time.

Capital Assumptions

(1) Renewal and Renovation (R&R) funded at the annual maintenance level of $50 million.

(2) A resolution to the deferred maintenance backlog is developed and funded by the state.

(3) Funding for Climate and Energy Projects.

(4) There will be about 10 major capital projects from FY10-FY19. These will include, but are not limited to:

- UAF Life Sciences Innovation and Learning;
- UAA Sports Arena;
- UAA Engineering Facility;
- UAF Engineering and Energy Technology;
- UAA Health Sciences, Phase II;
- Dormitories at all three main campuses.

Revenue Assumptions:

(1) State appropriations sufficient to cover unavoidable fixed cost increases; as well as provide modest program growth and investment in research. This means state funding of the complete BOR FY10 request as well as all future BOR requests including both operating and capital.

(2) There is a positive correlation between Receipt Authority increases and the level of state appropriations.

(3) The university becomes proportionally more dependent on state funds as state appropriations go from nearly 42% of the total university revenue in FY09 to nearly 49% in FY19.

(4) One-time items in the FY09 budget are continued through FY19 at the FY09 funding level. These items include: TVEP funds, MHTAAR funding, and Mental Health Trust funding.

(5) Student Tuition/Fees increases are due to a the tuition rate increase of 5% plus enrollment increases at an average annual increase of 1.1%, from FY09 to FY14, and then an average annual increase of 0.5%, from FY15 to FY19.

(6) Auxiliary Receipts increases are sufficient to cover fixed cost growth between 4-4.5% per year from FY09 to FY12, and then due to new housing coming online, will increase by $5 million in FY13. As utilization of the new housing increases over the next two years, auxiliary receipts will increase by 6% in FY14 and FY15, and then moderate to a steady 4% per year increase thereafter.

(7) Federal Receipts and Indirect Cost Recovery (ICR) stays flat in FY09 due to a lack of state investment in research facilities in FY08 and FY09; with state investment in research equal to that in the FY10 operating and capital requests and continuing into the future it is anticipated that both of these areas would start to rebound, increasing by 5% in FY10 and an average 2.6% per year from FY11 to FY14, then increasing by an average 5.8% per year from FY15 to FY19.

(8) As partnerships are fully utilized State Inter-Agency Receipts (State IAR) will increase by 6% in FY09, 7% in FY10 and 6% per year in FY11 and FY12, then State IAR will steadily increase by 3% per year FY13-FY19.

(9) Interest income is anticipated to remain at the FY08 level for FY09 and then to increase by an average of 1% per year from FY10 to FY19. In FY08, interest income dropped 72 percent from an all time high in FY07.

(10) Capital Improvement Project (CIP) Receipts is anticipated to increase by 12% in FY09 due to state investments in Renewal and Renovation (R&R) and facilities in FY09. With further state capital investments CIP receipts are anticipated to grow 20% in FY10, 15% in FY11, and 10% in FY12, and then reaching a steady state of increasing by 3% per year in FY13 and beyond.

(11) The multi-appropriation structure artificially inflated UA Intra-Agency Receipts in FY09 due to an increase in RSAs for transfers; FY10 and beyond assumes the university's return to a single appropriation structure.

Expenditure Assumptions:

(1) Primary areas of growth are instruction and physical plant.

(2) The instruction increase is due to investments in high demand job area programs.

(3) Physical plant increases are due to a continued state commitment to maintenance and repair and increased costs associated with new facilities.

(4) Research growth depends on state operating and capital investments in research, which will result in increases in Federal research funding.

(5) Expenditures continue to be driven by personnel services fixed costs with other categories, such as travel, following relative to the number of people.

(6) Travel is and will continue to be a cost, but many things have been done to minimize the growth of this expense including increased use of video, audio and web conferencing and most recently a freeze on administrative travel, but this is an inevitable.

Table 2. University of Alaska
Draft Program Growth Scenario Summary
FY05, FY09, FY14 and FY19

Revenue by Source (million $)	FY05 Actuals	FY09 Projections	FY14 Projections	FY19 Projections	Projected Average Annual % Change FY05-FY09	FY09-FY14	FY14-FY19
State Appropriations[1]	231.1	313.1	464.0	679.3	7.9%	8.2%	7.9%
Receipt Authority	365.6	435.6	552.7	714.6	4.5%	4.9%	5.3%
Total Revenue	**596.7**	**748.7**	**1,016.7**	**1,393.9**	**5.8%**	**6.3%**	**6.5%**
Expenditures by NCHEMS Category (million $)							
Instruction and Student Related	249.4	335.3	500.7	741.9	7.7%	8.4%	8.2%
Infrastructure	148.8	194.0	250.8	310.8	6.9%	5.3%	4.4%
Public Service	29.3	38.1	46.8	56.9	6.7%	4.2%	4.0%
Research	131.3	135.4	158.0	209.4	0.8%	3.1%	5.8%
Auxiliary Services	37.9	45.9	60.4	74.9	4.9%	5.7%	4.4%
Total Expenditures	**596.7**	**748.7**	**1,016.7**	**1,393.9**	**5.8%**	**6.3%**	**6.5%**
Excess Authority	68.5	89.4	80.0	80.0	6.9%	-2.2%	0.0%
Budget	665.2	838.1	1,096.7	1,473.9	5.9%	5.5%	6.1%
Performance Results							
High Demand Job Program Awards	2,090	2,671	3,332	3,974	6.3%	4.5%	3.6%
SCH Attempted (thousands)	556.0	567.0	598.0	613.0	0.5%	1.1%	0.5%
Research Expenditures (million $)	122.6	118.4	137.2	181.8	-0.9%	3.0%	5.8%

[1] State Appropriations for and Expenditures against one-time funds were not included.
[2] Source: Spring 2008 Revenue Sources Book from the Alaska Department of Revenue, Tax Division. FY19 numbers above are the same level as the FY17 projections provided in the publication.

Draft Program Maintenance Scenario
Significant Assumptions for Revenue, Expenditure, and Performance Goals
FY09 – FY19

Performance Goals:

(1) Funding levels have a delayed impact on High Demand Job Area (HDJA) Program Awards. HDJA graduates will reach over 3,200 annually by FY14, providing an additional 500 trained workers that year alone beyond the FY09 level of about 2,700 graduates. No significant growth is anticipated between FY14 and FY19 in this scenario.

(2) Student Credit Hours (SCH) will remain at the FY09 level of 567,000 SCH per year.

(3) Grant Funded Research Expenditures will grow by $2.4 million, averaging 0.4 percent growth each year from FY09 to FY14, and then will average an annual 0.8 percent growth FY14-FY19 for a total of just over $125 million in FY19.

Environmental Assumptions:

(1) Population shifts due to prolonged high heating fuel prices or a gas pipeline are not considered.

(2) The number of annual Alaskan high school graduates will peak in 2008-2009 at just under 8,000 and will decline by more than 15 percent (approximately 1,300) by FY14. Increased college preparation and student success efforts will be required to offset declines in the number of high school graduates.

(3) The Federal funding environment will become increasingly more competitive.

(4) Continued focus on efficiency and reallocation toward BOR priorities over time.

Capital Assumptions

(1) Renewal and Renovation (R&R) funded at the annual maintenance level of $50 million.

Revenue Assumptions:

(1) State appropriations beyond the FY09 funding level are only sufficient to cover unavoidable fixed cost increases FY10 and beyond, which is a program maintenance level of state funding.

(2) State funding of Renewal and Renovation (R&R) at the $50 million per year maintenance level for FY10-FY19, with no other state capital investments made.

(3) There is a positive correlation between Receipt Authority increases and the level of state appropriations.

(4) The university becomes proportionally more dependent on state funds as state appropriations go from nearly 42% of the total university revenue in FY09 to 44% in FY19.

(5) One-time items in the FY09 budget are continued through FY19 at the FY09 funding level. These items include: TVEP funds, MHTAAR funding, and Mental Health Trust funding.

(6) Student Tuition/Fees increases are due to anticipated annual tuition rate increases of 5% per year in FY09 and beyond.

(7) Auxiliary Receipts increases are sufficient to cover fixed cost growth at between 4-4.5% per year.

(8) Federal Receipts stays flat in FY09 due to a lack of state operating and capital investment in research, and then increases by an average 0.4% per year from FY10 to FY14 and an average 0.8% per year from FY15 to FY19.

(9) Indirect Cost Recovery (ICR) follows the same increase pattern as federal receipts except for the years when the ICR rate is reevaluated where ICR increases at a lower rate because the ICR rate is decreased due to a lack of investment in facilities.

(10) State Inter-Agency Receipts increases by 6% in FY09 due to increases in state department partnerships, then steadily increases by 3% per year in FY10 and beyond.

(11) Interest income is anticipated to remain at the FY08 level for FY09 and then to increase by an average of 1% per year from FY10 to FY19. In FY08, interest income dropped 72 percent from an all time high in FY07.

(12) Capital Improvement Project (CIP) Receipts are anticipated to increase by 12% in FY09 due to state capital investments in FY09, then CIP receipts would remain at this level through FY19 as projects are completed and R&R is the only continued state capital investment anticipated in this scenario.

(13) The multi-appropriation structure artificially inflated UA Intra-Agency Receipts growth in FY09 due to an increase in Reimbursable Service Agreements (RSAs) for transfers; FY10 and beyond assumes the university's return to a single appropriation structure.

Expenditure Assumptions:

(1) Expenditures continue to be driven by personnel services with other categories, such as travel, following relative to the number of people.

(2) Travel is and will continue to be a cost, but many things have been done to minimize the growth of this expense including increased use of video, audio and web conferencing and most recently a freeze on administrative travel, but this is an inevitable.

Table 3. University of Alaska
Draft Program Maintenance Scenario Summary
FY05, FY09, FY14 and FY19

Revenue by Source (million $)	FY05 Actuals	FY09 Projections	FY14 Projections	FY19 Projections	Projected Average Annual % Change FY05-FY09	FY09-FY14	FY14-FY19
State Appropriations[1]	231.1	313.1	385.8	468.4	7.9%	4.3%	4.0%
Receipt Authority	365.6	435.6	509.3	589.0	4.5%	3.2%	3.0%
Total Revenue	**596.7**	**748.7**	**895.1**	**1,057.4**	**5.8%**	**3.6%**	**3.4%**
Expenditures by NCHEMS Category (million $)							
Instruction and Student Related	249.4	335.3	417.8	513.5	7.7%	4.5%	4.2%
Infrastructure	148.8	194.0	237.8	279.4	6.9%	4.2%	3.3%
Public Service	29.3	38.1	45.0	52.1	6.7%	3.4%	3.0%
Research	131.3	135.4	138.2	143.9	0.8%	0.4%	0.8%
Auxiliary Services	37.9	45.9	56.3	68.5	4.9%	4.2%	4.0%
Total Expenditures	**596.7**	**748.7**	**895.1**	**1,057.4**	**5.8%**	**3.6%**	**3.4%**
Excess Authority	68.5	89.4	89.4	89.4	6.9%	0.0%	0.0%
Budget	665.2	838.2	984.5	1,146.8	5.9%	3.3%	3.1%
Performance Results							
High Demand Job Program Awards	2,090	2,671	3,210	3,275	6.3%	3.7%	0.4%
SCH Attempted (thousands)	556.0	567.0	567.0	567.0	0.5%	0.0%	0.0%
Research Expenditures (million $)	122.6	118.4	120.8	125.9	-0.9%	0.4%	0.8%

[1] State Appropriations for and Expenditures against one-time funds were not included.
[2] Source: Spring 2008 Revenue Sources Book from the Alaska Department of Revenue, Tax Division. FY19 numbers above are the same level as the FY17 projections provided in the publication.