

Board of Regents' Office
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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:

As we progress toward its strategic goals and the terms of the agreement.

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 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 black ink, appearing to read 'Sheri Buretta', written over a grey rectangular background.

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 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

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

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.

~~UA~~

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

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/>

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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

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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.

Budget and Related Matters Agreement

[Redacted]

**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

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cost effectiveness.

