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MEMORANDUM

DATE: August 7, 2014
TO: Shauna Thornton, Chair of the Coalition of Student Leaders
FROM: Pat Gamble, UA President *PKG*
RE: UA Facilities Fee

The Summit Team has been discussing the growing need for a UA-wide facilities fee for some time. Facility renewal and renovation has been a top priority of the BOR for several years and the necessary minimum state funding has never kept pace. Current capital reinvestments needed to modernize classrooms, laboratories, residence halls and academic equipment ... so important to student life and their academic experience ... are piling up significantly.

After careful consideration, and following legislative intent put forward in the FY15 budget, I have endorsed a proposal from the three chancellors to implement a \$2 per credit UA Facilities Fee starting in Spring 2015. In Fall 2015 this fee will increase to \$4 per credit, and in Spring 2016 the fee will increase to \$6 per credit.

Revenue will remain at the university (UAA, UAF, or UAS) from where the fee is collected.

The following table illustrates the expected revenue generated by charging the per-credit fee and the resulting charge an average full-time student can expect to pay per semester.

<u>Date</u>	<u>Fee</u>	<u>SCH</u> ¹	<u>Projected Revenue</u>	<u>Semester Cost to FT student</u>
Spring 2015	\$2.00	303,666	\$607K	\$2x15 credits = \$30
Fall 2015	\$4.00	303,666	\$1.21M	\$4x15 credits = \$60
Spring 2016	\$6.00	303,666	\$1.82M	\$6x15 credits = \$90

¹ Half UA's annual average SCH production FY09-13

On the next page, please find additional information on the fee.

While we are all clearly mindful that this fee has a financial impact, the capital reinvestments will go directly toward long-term benefits for our students.

I'm scheduled to meet with you and the other student leaders at your retreat here in Fairbanks on September 12. Perhaps we can use some of that time to discuss this fee.

PKG

cc: Chancellors
Provosts
Saichi Oba, UA Associate Vice President Student Services and Enrollment
Dana Thomas, UA Vice President for Academic Affairs and Research
LaNora Tolman, Executive Officer UA System Governance Office

UA Facilities Fee - FAQ

What is the purpose of the facilities fee?

The facilities fee is assessed to all undergraduate and graduate students to address the capital reinvestment for university facilities and academic equipment. Capital reinvestment funds construction that modernizes university classrooms, laboratories, residence halls and other buildings so that students have access to learning and living facilities that enhance the academic experience.

Who will pay the facilities fee?

The facilities fee would be levied across the university system to all undergraduate and graduate students, including students enrolled in eLearning or distance education courses. The revenue from this fee can be used for university facilities and academic equipment. (eLearning does require an investment in facilities to ensure the university can deliver those courses.)

How will the revenue from the facilities fee be used?

The revenue will remain at the campus where it is collected, providing a direct benefit to students from that campus. For UAF, this revenue will be used to assist with bond payments for the new heat and power plant, per intent language specified by the 2014 Alaska Legislature. For UAS and UAA, the fee revenue will assist in reinvestments for classrooms, laboratories, residence halls and other buildings and academic equipment specific to those main campuses and their associated community campuses.

When will the facilities fee begin?

The fee is planned to begin in January 2015 with the Spring 2015 semester.

When will the fee end?

There is no sunset date at this time.

How common are facilities fees?

Our review shows a number of universities and colleges, such as University of Nebraska (Kearney), University of Northern Colorado, University of Illinois, University of Tennessee at Chattanooga and Colorado State University levy facilities fees.

How do student fees at the University of Alaska compare to fees charged by other universities?

The university has systemwide, campus and program specific fees. The University of Alaska charges less for tuition and fees combined than other public four-year institutions in the WICHE region, as well as other public four-year post-secondary institutions nationally. For more information, please see this report, provided to the Board of Regents in April 2013:

http://www.alaska.edu/files/bor/130411Ref14_Report_on_Student_Fees.pdf

Is this fee being implemented only because of the legislative intent language on the heat and power plant in Fairbanks?

The legislative intent language did indeed factor into this decision. However, the chancellors and I tried to take that intent language and turn it into a positive, so that all campuses and students benefit from additional capital investments. We think we have struck the appropriate balance.