

University of Alaska
Performance-Based Budgeting
Five Year Outlook, November 2007

This document provides a five-year overview of UA's expectations for performance-based budgeting (PBB), along with corresponding five-year revenue and expenditure projections.

PBB is a mechanism to recognize resource alignment with key strategic goals and is a major influence in the operating and capital budget processes. 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 requests.

Seven performance measures are currently tied to performance funding at the system level, including: graduates of high demand degree programs, student retention, student credit hour enrollment, grant-funded research expenditures, university generated revenue, strategic enrollment management planning and academic program outcomes assessment. A new metric tracking non-credit activity has also been added to this suite; with FY09 being the first year that performance may be assessed in comparison to targets. Additional key performance measures continue to be considered, including a partnership and outreach performance measure and a student satisfaction measure.

As part of the annual budget request cycle, each MAU submits an in-depth assessment of recent performance accounting for expectations, strategies and mission. In addition, each MAU proposes and/or updates targets and goals for the upcoming five year period. The president and each chancellor agree on award distributions and 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 targets and goals. Strategic analyses, targets and goals, as well as current performance assessments are available online at:
<http://www.alaska.edu/swbudget/pm/details.xml>.

The proposed FY09 PBB funding pool consists of \$2.5 million in base general fund, with additional one-time funding of up to \$2 million as performance warrants and as one-time funds are available. In order for PBB to reach full maturity as an effective planning tool, the annual performance award pool will continue to increase, up to a level of about 2 percent of annual base funding for the university system by FY12.

Following are three tables; table 1 provides system performance trends as well as UA's future targets and goals by MAU, followed by revenue and expenditure trends associated with these performance targets and goals in table 2 and table 3 respectively. Note that these targets and goals were set under the assumption of full funding of the proposed FY09 operating and capital budget requests. Other major assumptions for the target and goal levels in table 1 are listed in the appendix, which follows the performance measure highlights.

Table 1. University of Alaska
Performance-Based Budgeting Performance Measures, FY03-FY13

Note: The targets and goals listed here are those which best align with historical funding and activity levels and the FY09 Operating and Capital budget requests. Targets/goals and associated challenge levels for performance assessment will be agreed upon by the President and Chancellors in fall 2007.

	FY03 Actuals	FY04 Actuals	FY05 Actuals	FY06 Actuals	FY07 Actuals	FY07 Targets	FY08 Targets	FY09 Goals	FY10 Goals	FY11 Goals	FY12 Goals	FY13 Goals
High Demand Job Graduates												
UAA*	1,132	1,227	1,267	1,350	1,529	1,371	1,575	1,646	1,728	1,815	1,905	2,001
UAF	572	603	640	700	714	704	745	775	810	850	885	920
UAS	155	176	181	197	203	226	245	265	278	289	301	312
<i>Teacher Education</i>		106	168	174	276		290	304	320	335	352	370
<i>Engineering/Construction</i>	112	129	169	211	199	225	232	265	298	330	360	365
High Demand Job Graduates	1,859	2,006	2,088	2,247	2,446	2,301	2,565	2,686	2,816	2,954	3,091	3,233
Percent Change from Prior Year		8%	4%	8%	9%	2%	5%	5%	5%	5%	5%	5%

* The FY08-FY13 target/goal line shown here is greater than the range originally proposed by UAA.

	FY03 Actuals	FY04 Actuals	FY05 Actuals	FY06 Actuals	FY07 Actuals	FY07 Targets	FY08 Actuals	FY09 Goals	FY10 Goals	FY11 Goals	FY12 Goals	FY13 Goals
FTFT Undergraduate Retention												
UAA	61.1%	64.5%	65.3%	64.4%	67.6%	65%	66.7%	68.0%	68.0%	68.0%	68.0%	68.0%
UAF	66.3%	65.1%	65.4%	63.4%	65.7%	65%	63.9%	66.0%	67.0%	68.0%	69.0%	70.0%
UAS	55.6%	57.1%	64.0%	66.0%	57.5%	65%	51.8%	53.0%	55.0%	57.0%	59.0%	61.0%
<i>Baccalaureate</i>	68.0%	69.8%	71.7%	69.7%	73.0%	72.2%	71.6%	73.3%	74.4%	75.6%	76.7%	77.8%
<i>Baccalaureate Scholars</i>	78.8%	77.6%	82.4%	79.2%	79.6%	78.8%	83.0%	80.0%	81.2%	82.4%	83.6%	84.8%
Retention	62.4%	64.3%	65.1%	64.0%	66.1%	65.0%	64.6%	66.4%	66.9%	67.3%	67.8%	68.3%
Percent Change from Prior Year		3.0%	1.2%	-1.7%	3.3%	1.6%	-2.3%	2.8%	0.7%	0.7%	0.7%	0.7%

Note: FY07 Targets represented a nominal (median) performance level. For UAA, the low, nominal and high FY07 target range was 60.3%, 64.7% and 65.2% respectively, while for UAF this range was 64%, 65% and 66% respectively, and for UAS this range was 64.7%, 65.4% and 65.6%, respectively.

	FY03 Actuals	FY04 Actuals	FY05 Actuals	FY06 Actuals	FY07 Actuals	FY07 Targets	FY08 Targets	FY09 Goals	FY10 Goals	FY11 Goals	FY12 Goals	FY13 Goals
SCH Attempted (Thousands)												
UAA	311	329	331	336	339	346	341	344	347	349	352	354
UAF	173	183	176	174	171	170	172	175	178	181	183	186
UAS	55	51	54	52	49	52	49	50	51	52	53	54
SCH Attempted	533	559	556	558	553	568	562	569	576	582	588	594
Percent Change from Prior Year		5%	-1%	0%	-1%	2%	2%	1%	1%	1%	1%	1%

Note: Historical figures reflect Northern Military campus movement from UAA to UAF Tanana Valley Campus. Figures include year-long courses, which are equivalent to an additional 5,000, 4,700, 4,500, 4,663 and 4,305 SCH at UAF in FY03, FY04, FY05, FY06 and FY07 respectively.

Table 1. University of Alaska
Performance-Based Budgeting Performance Measures, FY03-FY13
Continued

Note: The targets and goals listed here are those which best align with historical funding and the FY09 Operating and Capital budget requests. Targets/goals and associated challenge levels for performance assessment will be agreed upon by the President and Chancellors in fall 2007.

Research Expenditures (Millions)	FY03 Actuals	FY04 Actuals	FY05 Actuals	FY06 Actuals	FY07 Actuals	FY07 Targets	FY08 Targets	FY09 Goals	FY10 Goals	FY11 Goals	FY12 Goals	FY13 Goals
UAA	10.2	11.1	11.3	13.7	10.3	13.3	12.2	12.5	12.9	13.3	13.7	14.1
UAF	99.4	103.4	110.7	114.1	112.9	125.0	117.0	121.0	126.0	132.0	145.0	160.0
UAS	1.2	1.0	0.6	0.8	1.2	0.8	1.0	1.0	1.0	1.0	1.0	1.0
Research Expenditures	110.8	115.5	122.6	128.6	124.4	139.1	130.2	134.5	139.9	146.3	159.7	175.1
Percent Change from Prior Year		4%	6%	5%	-3%	8%	5%	3%	4%	5%	9%	10%

University Generated Revenue (Millions)	FY03 Actuals	FY04 Actuals	FY05 Actuals	FY06 Actuals	FY07 Actuals	FY07 Targets	FY08 Targets	FY09 Goals	FY10 Goals	FY11 Goals	FY12 Goals	FY13 Goals
UAA	97	104	108	118	122	124	128	135	141	148	156	164
UAF	168	182	194	204	210	217	218	226	235	244	254	264
UAS	17	19	18	20	19	21	19	21	22	23	24	26
SW	11	13	17	22	28	22	22	23	23	24	24	24
University Generated Revenue	293	317	337	364	379	384	387	405	421	439	458	478
Percent Change from Prior Year		8%	6%	8%	4%	6%	2%	4%	4%	4%	4%	4%

**Table 2. University of Alaska
Five Year Revenue Budget Model - Growth Scenario**

Revenue Source	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	Average Annual % Change	
	Actuals	Actuals	Actuals	Estimates	Projections	Projections	Projections	Projections	Projections	FY05-FY08	FY09-FY13
GF/GFM/GF MHT	228,266.0	245,366.2	279,650.0	289,436.3	316,124.9	341,414.9	368,728.1	390,851.8	414,302.9	8%	7%
Workforce Development Funds	2,868.9	2,822.6	2,882.0	3,134.3	3,542.9	3,649.2	3,758.7	3,871.4	3,987.6	2%	5%
State Appropriations*	231,134.9	248,188.8	282,532.0	292,570.6	319,667.8	345,064.1	372,486.7	394,723.2	418,290.4	8%	7%
Receipt Authority											
Interest Income	2,263.7	5,291.2	9,071.4	6,960.0	7,168.8	7,240.6	7,313.0	7,386.1	7,460.0	76%	1%
Auxiliary Receipts	37,629.0	40,120.5	41,831.7	43,086.7	44,379.3	46,154.5	48,000.7	53,000.7	55,120.7	4%	5%
Student Tuition/Fees (net)	69,484.1	78,734.3	84,461.5	91,218.4	97,675.2	103,535.7	109,747.9	116,332.7	123,312.7	10%	6%
Indirect Cost Recovery (ICR)	31,217.0	31,856.5	30,937.4	30,937.4	32,174.9	34,105.4	36,492.8	39,412.2	41,776.9	1%	6%
University Receipts	56,036.2	51,810.8	72,158.1	77,209.3	81,225.6	85,286.9	89,551.2	94,028.8	98,730.2	12%	5%
University Receipts Subtotal	196,630.0	207,813.3	238,460.1	249,411.8	262,623.8	276,323.0	291,105.5	310,160.5	326,400.5	8%	6%
Federal Receipts	115,955.3	119,794.1	119,090.4	122,663.1	137,057.4	145,280.8	155,450.5	167,886.5	177,959.7	2%	8%
State Inter Agency Receipts	10,405.9	12,069.8	11,438.4	12,431.9	13,054.9	13,189.0	13,584.7	13,992.2	14,412.0	8%	3%
MHTAAR	50.0	558.0	825.0	1,085.0	1,085.0	1,117.6	1,151.1	1,185.6	1,221.2	274%	2%
CIP Receipts	2,328.1	2,898.4	3,466.1	3,570.1	3,677.2	3,787.5	3,901.1	4,018.2	4,138.7	13%	3%
UA Intra Agency Receipts	40,232.1	42,889.6	44,192.3	45,518.1	47,483.6	48,908.1	50,375.4	51,886.6	53,443.2	0%	3%
Receipt Authority	365,601.4	386,023.2	417,472.3	434,680.0	464,981.9	488,606.1	515,568.2	549,129.6	577,575.3	5%	6%
Total Actual Revenue	596,736.3	634,212.0	700,004.3	727,250.6	784,649.7	833,670.1	888,055.0	943,852.8	995,865.8	6%	6%
Excess Authority	68,486.8	80,012.8	74,102.8	71,539.9	70,140.7	80,000.0	80,000.0	80,000.0	80,000.0		
Revenue Budget	665,223.1	714,224.8	774,107.1	798,790.5	854,790.4	913,670.1	968,055.0	1,023,852.8	1,075,865.8	5%	6%

Assumptions:

- (1) State appropriations will be sufficient to cover unavoidable fixed cost increases; as well as provide modest program growth. Areas of investment include high demand programs to prepare Alaskans for jobs (health, engineering, construction management and fisheries) and investment in University research.
 - (2) Receipt Authority increases are based on full state appropriations.
 - (3) Student Tuition/Fees increase by 6.7% in FY08 and 6% per year thereafter.
 - (4) Auxiliary Receipts increases annually by 3% in FY08 and FY09, 4% in FY10-FY11, then increases by \$5m in FY12 due to planned construction of additional dormitories at UAA, and reverts to 4% in FY13.
 - (5) Federal Receipts increases by 3% in FY08. ICR remains flat in FY08 due to the ICR rate changes. Federal Receipts increases by 11.4% in FY09 and ICR by 4% in FY09. Both Federal Receipts and ICR start increasing by 6.7, and 8% per year in FY10, FY11, and FY12 respectively. FY13 increases would level off at 6%.
 - (6) Assumes phase 1 and 2 funding in FY09 and FY10 of the BioSciences Facility.
 - (7) Interest income falling from the FY07 highpoint by 23% in FY08, then up 3% in FY09 and steadily growing by about 1% per year thereafter.
 - (8) All other revenue sources steadily increasing at 3% per year.
 - (9) Current revenue projections will support the projected performance results, however figures are subject to change based on MAU's projected performance results to be submitted 9/28/07.
- This is not a Board of Regents approved master plan; it is a projection based on current directives and known issues.

*State Appropriations do not include one-time funds

**Table 3. University of Alaska
Five Year Expenditure Budget Model - Growth Scenario**

										Average Annual % Change	
NCHEMS Category	FY05 Actuals	FY06 Actuals	FY07 Actuals	FY08 Estimates	FY09 Projection	FY10 Projection	FY11 Projection	FY12 Projection	FY13 Projection	FY05-FY08	FY09-FY13
Instruction and Student Related											
Academic Support	31,553.0	36,204.7	39,926.1	41,523.1	43,184.1	44,695.5	46,259.8	47,878.9	49,315.3	12%	4%
Instruction	152,818.4	165,097.2	183,150.4	192,073.8	215,122.7	231,971.2	248,905.2	265,053.6	280,669.1	7%	8%
Intercollegiate Athletics	7,933.5	8,961.9	10,087.2	10,490.7	11,015.2	11,455.8	12,000.0	12,480.0	13,353.6	9%	5%
Library Services	14,648.4	15,121.2	16,046.1	16,688.0	17,522.4	18,048.1	18,589.5	19,147.2	19,530.1	1%	3%
Scholarships	13,921.3	15,361.4	15,663.1	16,289.6	17,104.1	18,130.3	19,218.1	20,371.2	21,328.6	4%	6%
Student Services	28,533.3	30,198.8	32,711.9	34,020.4	35,721.4	37,507.5	39,758.0	42,143.5	44,465.6	6%	6%
Instruction and Student Related	249,407.9	270,945.2	297,584.8	311,085.7	339,669.9	361,808.4	384,730.6	407,074.4	428,662.3	7%	7%
Infrastructure											
Institutional Support	83,830.4	86,947.4	106,338.4	109,528.6	115,005.0	120,870.3	128,726.9	137,094.1	146,279.4	10%	6%
Debt Service	3,675.7	3,426.9	5,133.5	3,742.5	4,116.8	4,322.6	4,538.7	4,765.7	5,003.9	6%	5%
Physical Plant	61,268.8	62,736.5	71,921.8	76,237.1	81,573.7	85,815.5	89,591.4	93,354.2	97,275.1	7%	5%
Infrastructure	148,774.9	153,110.8	183,393.7	189,508.2	200,695.5	211,008.4	222,857.0	235,214.0	248,558.4	8%	6%
Public Service	29,335.8	31,203.4	34,303.5	35,675.6	37,459.4	39,332.4	42,085.7	45,031.7	47,733.6	8%	6%
Research	131,292.0	138,212.0	142,408.1	146,974.3	159,218.6	171,796.9	185,197.1	199,642.5	211,621.1	4%	8%
Auxiliary Services	37,925.7	40,740.6	42,314.2	44,006.8	46,207.1	48,517.5	51,913.7	55,547.7	57,880.7	4%	6%
Total Expenditures	596,736.3	634,212.0	700,004.3	727,250.6	783,250.5	832,463.6	886,784.1	942,510.3	994,456.1	6%	6%
Excess Authority	68,486.8	80,012.8	74,102.8	71,539.9	71,539.9	80,000.0	80,000.0	80,000.0	80,000.0		
Budget	665,223.1	714,224.8	774,107.1	798,790.5	854,790.4	912,463.6	966,784.1	1,022,510.3	1,074,456.1	5%	6%
State Account Description	FY05 Actuals	FY06 Actuals	FY07 Actuals	FY08 Estimates	FY09 Projection	FY10 Projection	FY11 Projection	FY12 Projection	FY13 Projection	Average Annual % Change	
										FY05-FY08	FY09-FY13
Commodities	59,892.1	57,759.6	63,334.8	65,868.2	74,101.7	78,177.3	82,477.1	86,422.2	89,755.9	5%	6%
Contractual Services	134,735.0	143,055.9	156,804.9	162,170.8	176,620.4	185,936.9	196,696.6	207,514.9	215,815.5	7%	6%
Equipment	15,727.8	13,731.4	20,464.2	20,873.5	21,499.7	22,789.7	24,157.1	25,606.5	27,142.9	5%	5%
Miscellaneous	3,570.5	3,426.9	6,546.9	5,155.5	5,529.8	5,735.6	5,951.7	6,178.7	6,416.9	0%	4%
Salaries & Benefits	346,827.2	377,371.1	413,079.0	431,612.3	461,825.2	494,153.0	529,732.0	566,813.2	603,259.3	7%	7%
Student Aid	18,317.9	19,584.5	20,007.3	21,407.8	22,906.3	24,280.7	25,737.5	27,281.7	28,918.6	7%	6%
Travel	17,665.8	19,282.6	19,767.2	20,162.5	20,767.4	21,390.4	22,032.1	22,693.1	23,147.0	6%	3%
Total	596,736.3	634,212.0	700,004.3	727,250.6	783,250.5	832,463.6	886,784.1	942,510.3	994,456.1	6%	6%

Assumptions:

- (1) Primary areas of growth are instruction and research. Areas of investment include high demand programs to prepare Alaskans for jobs (health, engineering, construction management and fisheries) and investment in University research.
- (2) The instruction increase is due to internal reallocations and 2% of state appropriation increases directed at workforce development and other high demand program growth.
- (3) Research growth is partially due to 2% of state appropriation increases directed at research.
- (4) The increase in state supported research will result in increases in federal research funding.
- (5) Current projections will support the projected performance results, however figures are subject to change based on MAU's projected performance results to be submitted 9/28/07. This is not a Board of Regents approved master plan; it is a projection based on current directives and known issues.

Note: Expenditures against one-time funds were not included.

Performance Measure Highlights

High Demand Job Area Program Degrees Awarded

In FY07 the university generated a total of 2,446 high demand job area (HDJA) degrees, up 199 degrees (9 percent) from the FY06 level; this performance surpassed the FY07 target of a 2.4 percent increase in HDJA degrees awarded. Based on this performance, UA must average a 5 percent annual increase from FY08 to FY13 in the number of HDJA degrees awarded to achieve its goal of 3,223 degrees in FY13.

Although growth on this measure is expected to remain strong, the FY13 goal represents a relative slow down in degrees awarded, as some new programs reach capacity. Continuing growth on this measure assumes program funding is directed to HDJA programs in the future. Major contributors to this expected growth are engineering, construction, and health programs. It will be necessary to continue focusing resources to maintain the expected level of performance.

FY07 MAU Performance

- UAA increased the number of HDJA degrees from FY06 by more than 13 percent (179 degrees), well exceeding the high target for a second year in a row, in FY07 a target 4 percent increase (53 degrees). The future target and goal levels shown in Table 1 are aligned with historical funding and activity, as well as the expected impact of the FY09 budget request.
- UAF increased the number of HDJA degrees awarded by 2 percent (14 degrees) from FY06, falling between its nominal and high FY07 targets of a 0.6 percent increase and a 5.6 percent increase respectively. From FY04 to FY07, UAF increased the number of HDJA degrees awarded by 18 percent. To meet its FY13 goal, UAF needs to maintain an average annual growth of 4 percent over the next six years.
- In FY07 UAS achieved a 3 percent increase (6 degrees) in the number of HDJA degrees awarded from the FY06 level (195 degrees). This performance fell short of UAS' moderate and modest targets of 16.5 percent (25 degrees) and 10.3 percent (20 degrees) increases respectively. UAS needs to achieve an average annual growth of 9 percent to achieve its FY13 goal. UAS' primary strategy for continued growth in this area is to raise graduation rates of HDJA students through improved programs access (distance-delivery) and improved advising.

Student Credit Hours

The UA system's FY07 target increase of 12,800 student credit hours (SCH) was 2 percent over the FY06 level; however, final student credit hour production for FY07 fell 0.8 percent (-4,300 SCH) from the FY06 level. The UA total in FY07 was 257,652 SCH. Steady enrollment gains will have to be made each year in order to meet future targets and goals for this performance measure at the system level. The university is forecasting an optimistic, upward enrollment trend in anticipation of positive results stemming from its strategic investments in student recruitment, student success, workforce development and the addition of new academic programs.

Current estimates for this performance measure indicate that, in FY08, UA may produce slightly fewer student credit hours than produced in FY07, falling below the FY08 target increase of nearly two percent (10,400 SCH). It is important to note that while overall enrollment is relatively flat, enrollment in high demand job area programs continues to be very strong.

FY07 MAU Performance

- UAA FY07 student credit hour production of 338,878 SCH is up 1 percent (2,732 SCH) from FY06, falling between its nominal target of a 3 percent increase (10,000 SCH) and its low target of a 0.2 percent decrease (-794 SCH). The majority of the gains in FY07 were generated by the College of Education, the School of Engineering, Kenai Peninsula College, and Prince William Sound Community College. PWSCC rebounded sharply in FY07 following two years of declines, increasing by 9.7% and achieving its second highest year ever.
- UAF's FY07 SCH production was down 2 percent (-3,376 SCH) from FY06. UAF student credit hour production peaked in FY04 and has decreased each year since. As a whole, the rural campuses grew their credit hour production 9 percent (1,178 SCH) while TVC increased by 7 percent (2,154 SCH). Early indications are that FY08 performance will be level with or slightly above the FY07 performance level. Steady growth in undergraduate fisheries, engineering and health programs will positively affect this measure. However, graduate enrollment may slow if research investment slows.
- In FY07, UAS SCH production fell 7 percent from the FY06 level (-1,993 SCH), as a result falling 7 percent below the modest target of increasing SCH production by 0.1 percent (61 SCH). One factor in this drop has been a significant drop since FY04 in students who are not seeking a UA degree, a group that tends to be sensitive to the economy and tuition rates.

Undergraduate Retention

Final FY07 retention results confirm that UA has achieved an overall undergraduate retention rate of 66.1 percent, exceeding its FY07 target of 65 percent, and showing a 2.1 percentage point increase from the FY06 retention performance level. The preliminary FY08 results shows a drop of 1.5 percentage points from FY07 levels, to an overall undergraduate retention rate of 64.6 percent, 3.4 percentage points below the FY08 target level. Retention rates can vary from year to year; for example, UA undergraduate retention rates dropped to 64.1 percent in FY06 from 65.4 percent in FY05 only to climb to an all time high in FY07. Therefore, UA is optimistic about attaining its undergraduate retention goals FY09 to FY13.

To achieve the FY13 retention goal of 68.3 percent, UA must increase by an average of 0.8 percentage points each year from FY09 through FY13. Reaching the FY13 goal will set UA above average for peer institutions and will be worthy of celebration, but may prove to be a challenge.

FY07 and FY08 MAU Performance

- In FY07, UAA retained 67.6 percent of first-time undergraduates surpassing the high target of 65.2 percent retention and growing by 3 percentage points from the FY06 retention of 64.4 percent. In FY08, UAA retained 66.7 percent of first-time undergraduates, falling 1 percentage point from the FY07 level.
- In FY07, UAF retained 65.7 percent of first-time undergraduates, falling between its nominal and high targets of 65 and 66 percent, respectively. In FY08, UAF retained 63.9 percent of first-time undergraduates falling 1.8 percentage points below its FY07 results, and 0.5 percentage points above its FY06 level of 63.4 percent. UAF anticipates steadily increasing retention rates with the implementation of program improvements, such as improved advising, testing and placement, and an increased and improved developmental education requirement before taking core courses.
- In FY07, UAS retained 57.5 percent of first-time undergraduates, falling 8.5 percentage points below FY06 retention of 66 percent retention. In FY08, UAS retention fell by another 5.7 percentage points to 51.8 percent. Many of UAS' students are under-prepared; as its top priority UAS has put into place several new strategies to address this issue, which will be refined over time

Grant Funded Research Expenditures

In FY07, the university's grant-funded research expenditures of \$124.4 million fell 3 percent below the FY06 level of \$128.6 million. This performance was 11 percent below the FY07 target of \$139.1 million. From FY01 to FY05, grant-funded research expenditures increased by an average of 12 percent annually across the system; however, growth slowed to just under 5 percent in FY06, about two-thirds the target growth level.

A major contributor to the drop in FY07 performance was the lower than anticipated FY07 Federal funding level. Reductions in earmarks nationwide, resulting from congressional opposition to Federal appropriations after the mid-term elections and heightened concerns over the Federal budget, eliminated or greatly reduced funding for several key research programs in FY07. Federal funding agencies experienced at best modest increases in their budgets. NIH, a critically important agency upon which the university's fledgling biomedical program depends, received a budget increase that did not keep up with inflation.

The state funded program increment of \$1 million in FY07 helped to mitigate the impact of federal funding in FY07. This state investment was used for the joint psychology PhD and bio-medical research and the Geographic Information Network (GINA). To achieve the current FY13 research focus goal of \$175.1 million, UA must increase grant-funded research expenditures by an average annual rate of 6.8 percent from FY08 - FY13.

FY07 MAU Performance

- UAA grant-funded research expenditures in FY07 decreased by more than 25 percent (-\$3.4 million) from the FY06 level of \$13.7 million. This performance fell below the FY07 low target of a 3 percent decrease (-\$0.4 million). The College of Business and Public Policy (CBPP), which includes the Institute for Social and Economic Research (ISER) comprised 37 percent (\$3.8 million) of UAA's total grant-funded research expenditures in FY07, and declined 47 percent (-\$3.4 million) from the FY06 level of \$7.2 million. The College of Health and Social Welfare (CHSW); which includes the Center for Human Development, the Institute for Circumpolar Health and the Justice Center comprised 19 percent (\$2.0 million) of the grant-funded research expenditures at UAA and from FY06 to FY07 declined 64 percent or -\$3.5 million on this metric. The School of Engineering more than doubled grant-funded research expenditures with an increase of 77 percent from FY06 to FY07.
- UAF grant-funded research expenditures decreased 1 percent (\$1.2 million) from FY06, landing at \$112.9 million in FY07. This performance fell between UAF's minimal and moderate FY07 targets of 112.0 million and \$125 million respectively. Relative to FY03 levels, UAF's grant-funded research expenditures were up 13 percent (\$14 million) in FY07. Funding of the budget requests is critical for UAF to achieve future growth on this measure. In coming years, UAF will need to resolve its space limitations and use its financial resources judiciously in order to move forward. Completion of the Biological Sciences Building (FY13

if funded FY09) and the Alaska Region Research Vessel (FY12) is expected to stimulate approximately \$15 million increase in grant-funded research expenditures once both facilities are fully operational.

- In FY07, UAS generated \$1.2 million in grant-funded research expenditures, up 50 percent (\$400,000) from FY06. This performance surpassed the FY07 target of staying steady at \$800,000. UAS was the only MAU to grow grant-funded research expenditures in FY07, and now makes up 1 percent of the University of Alaska total in grant-funded research expenditures.

University Generated Funds

FY07 university generated revenue (UGR) was \$379 million; this performance is 4 percent higher (\$15 million) than the FY06 level. The FY07 target increase for this performance measure was 5.5 percent (\$384 million). This performance level is due to a mix of lower than anticipated revenue for the system in Federal Receipts, Indirect Cost Recovery, Student Tuition and Fees, and State Inter-Agency Receipts, as well as significantly higher than anticipated Interest Income. UA must average an annual increase of 4.4 percent to achieve its FY13 goal for UGR.

Over the last year, Federal Receipts fell by 0.6 percent (\$703,700), which contributed to a decrease in Indirect Cost Recovery of 2.9 percent (\$919,100). State Inter-Agency Receipts fell by 5.2 percent (\$631,400). The Student Tuition and Fees (STF) revenue increase of 7.2 percent (\$6.2 million) was primarily due to a 7% rate increase. The STF revenue would have been \$1.5 million higher had the student credit hour production target of a 2 percent increase from FY06 to FY07 been attained. Auxiliary Receipts increased by 3.3 percent (\$1.3 million) not enough to keep up with fixed costs increases. Interest Income increased dramatically at 71.4 percent (\$1.8 million); however, initial numbers on this revenue source for FY08 are not looking as strong. University Receipts also performed well in FY07, increasing by 9.9 percent (\$6.4 million).

FY07 MAU Performance

- UAA increased UGR by about 4 percent (\$4 million) in FY07. This performance falls between UAA's FY07 nominal and high targets of a 3 percent (\$3.4 million) and a 7.6 percent (\$9 million) increase. This performance comprises 27 percent of the overall system increase. UAA's primary source of UGR in FY07 came from Student Tuition and Fees at 43 percent. The UAA unit with largest percentage increase of UGR was College of Education, up 24 percent from FY06 and 62 percent from FY05.
- UAF increased UGR by 3 percent (\$6 million) over FY06. This performance landed between UAF's nominal and high goals of a 3 percent (\$6 million) increase and a 6.4 percent (\$13 million) increase respectively. UAF's UGR increase comprised 40% of the overall system increase in FY07. The key contributor to UAF's increase was University Receipts such as UA Foundation Grants and Contracts (\$7.6 million), Service Club/Non-Profit Grants and

Contracts (\$5.3 million) and Foreign Government Grants and Contracts (\$3.0 million).

- UAS decreased UGR by 4 percent (\$700,000) from FY06, falling short of its target increase of 7 percent (\$2 million). The largest decreases at UAS came in the areas of Federal Receipts, State Inter-Agency Receipts and Auxiliary Receipts.
- University generated revenue at Statewide increased by \$6 million from FY06 to FY07, representing a 27 percent increase. This performance far surpassed the FY07 target value and was mainly due to exceptional Interest Income earnings up 77 percent (\$3.9 million). Initial numbers on this revenue source for FY08 are not looking as strong. FY07 Statewide university generated revenue performance is also due to a substantial increase of University Receipts, up 34 percent (\$2.9 million). The primarily area of growth within University Receipts, at Statewide, was that of Oil Grants and Contracts up \$1.1 million from FY06.

Strategic Enrollment Management Planning

This measure has been reported since FY06 with the Phase II¹ definition taking effect in FY07. Phase II requires formal unit plan evaluations by MAU administration and reports the number of academic colleges, schools, and community campuses having and responding to an effective strategic enrollment management planning process, relative to the total number of academic colleges, schools and community campuses.

FY07 MAU Performance

- Each UAA campus has an enrollment management plan in place, with a single plan encompassing Anchorage campus schools and colleges. UAA extended campuses each have a strategic enrollment management plan, in alignment with the overarching UAA enrollment management plan. UAA will formalize MAU criteria and a mechanism for assessing plan effectiveness.
- UAF has developed individual college and school enrollment management plans, in alignment with the overall UAF enrollment management plan. In spring 2007, the individual college and school plans were evaluated for content and effectiveness: 10 of 15 plans were rated as good while five plans still needed work.
- UAS now has enrollment management plans for each of the four academic schools, and supporting plans from Sitka and Ketchikan, each in alignment with the overall UAS enrollment management plan. UAS reported that three of the six academic units had plans that were applied and evaluated, and that steps will be taken to formalize the MAU criteria and mechanism for assessing plan effectiveness.

¹ See <http://www.alaska.edu/swbudget/pm/currentpm/degreeprog/docs/EMMemochancellors.pdf> for more details.

Academic Program Outcomes Assessment

This process measure was reported for the first time by each MAU in the FY06 PBB reports. In Phase I, this metric measures the proportion of programs conducting outcomes assessment and responding according to MAU guidelines. At a minimum, participating programs identify desirable student learning outcomes and have a plan to regularly measure their attainment.

FY07 MAU Performance

- UAA met its target of 97 percent of all active programs with outcomes assessment plans in place. Process standardization, peer review and training are the core UAA outcomes assessment strategies.
- In FY07 UAF had 84 percent of all active programs with outcomes assessments in place. Nearly all baccalaureate and graduate programs are conducting assessment and using the information collected to improve curriculum and delivery. Associate degree and certificate programs have lagged somewhat in implementation, but currently all active programs have submitted plans and over 50 percent have implemented their plans satisfactorily.
- UAS is currently 91 percent of the way toward having assessment plans developed and approved for all its programs. The majority of Program Assessment Plans were submitted in spring 2006 and a UAS website houses them. Most vocational programs have adopted industry standards as the basis for assessing outcomes.

In Phase II, the definition of this metric will transition to a measure focused on a combination of continued assessment and successful response to outcomes assessment findings. At the request of MAU leadership, Phase II of the Academic Program Outcomes Assessment performance measure² will be used starting in FY08. This second phase marks a change in metric definition, now incorporating an MAU-level assessment of whether each program is successfully responding to the outcomes assessment findings.

¹See <http://www.alaska.edu/swbudget/pm/currentpm/outcomeassessment/docs/OAMemochancellors.pdf> for more details.

Appendix

Assumptions for FY08 – FY13 Targets and Goals November 2007

Operating Condition Assumptions

- A portion of the growth in university generated revenue will be put toward program growth needs.
- Assumes a tuition rate increase of 7% will be realized from FY08 and an annual tuition rate increase of 5% thereafter.
- State funding of full operating and capital requests for FY09 and beyond.
- State general fund will be appropriated to cover a proportional level of fixed costs and program growth.
- Faculty and staff productivity increases are required to meet targets and goals.
- Employee salary and contract provisions are similar to previous years, increasing at about 4.5% annually.
- PERS and TRS retirement system contribution rates have been set at 22% and 12.56%, respectively. Health benefit contributions per employee will remain constant from FY08 – FY10, to reach the goal of an 80% employer/20% employee ratio for health care costs.
- Facilities/space constraints will be accommodated through temporary measures until capital funding is made available.
- As appropriate, high demand occupational endorsements entered in Banner may count toward meeting high demand job area degree program targets and goals.
- Federal funding environment is likely to remain less favorable.
- The number of Alaska high school graduates is predicted to decline after 2009, with a smaller number of urban high school graduates and a growing number of rural high school graduates.
- An increased need for successful developmental education and student success efforts will be required to offset declines in the number of high school graduates.
- Military deployments and major construction projects in Alaska may impact on-site enrollment and also provide a growing potential market for distance and asynchronous course enrollment.
- External economic conditions can impact performance, including high fuel prices, regional employment opportunities, etc. These are included in campus assessments.