UNIVERSITY
of ALASKA

Many Traditions One Alaska

University of Alaska Performance Evaluation

Reference #2

Board of Regents
October 30, 2009
Fairbanks, Alaska

Prepared by Statewide Planning and Budget
450-8180

Table of Contents

Performance Highlights

High Demand Job Area Awards…….1

Undergraduate Retention……5

Student Credit Hours……..8

Non-Credit Instructional Productivity……..…..…..12

Restricted Research Expenditures…….……13

University Generated Revenue. …….……..16

Draft Fiscal and Performance Plan Scenarios

Performance Targets and Goals through FY15…….…….……...20

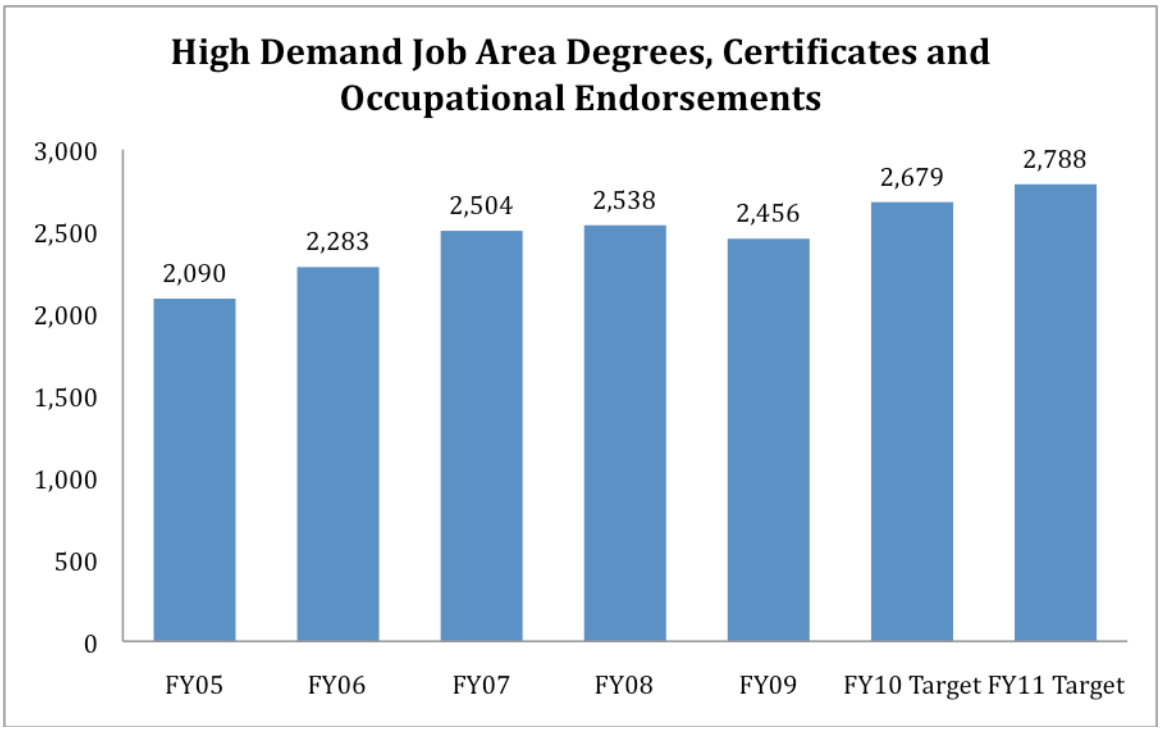
Program Growth Scenario…….…..……...22

Program Maintenance Scenario…..…….…….24

High Demand Job Area Degrees, Certificates and Occupational Endorsements

Target: A target of 2,788 degrees and certificates awarded in high demand job area programs in FY11.

Status: The University of Alaska awarded 366 (18 percent) more degrees in high demand job area (HDJA) programs in FY09 than FY05 for a total of 2,456 HDJA awards. Although short of the FY09 target of 2,671 awards, the current number of enrolled majors supports future targets.



Analysis of results and challenges:
UA experienced a 3 percent decrease (82 awards) in HDJA program awards from FY08 to FY09. However, performance increases of 9 percent are anticipated in FY10 and up to 4 percent in FY11 as current headcount figures in HDJA programs support future growth. UA has experienced ongoing growth in enrollment of HDJA program majors, up 530 (5 percent) from FY08 to FY09 and preliminary FY10 figures showing an increase of nearly 300 majors (3 percent) over FY09 levels.

The target for FY11 awards is based on investments that have already been made in HDJA programs as well as the number of majors currently enrolled. Maintenance of, and increases beyond this level of HDJA degrees awarded, will require continued and consistent state investment in these program areas.

It is important to note that the HDJA program listing was last updated August 2009, to reflect the most recent State of Alaska Department of Labor and Workforce Development occupational forecast[1]. Past performance has been normalized for these programs, which added 2 awards in FY07 and 13 awards in FY08. 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.

[1] Department of Labor and Workforce Development, *Alaska Occupational Forecast to 2016*, http://labor.alaska.gov/research/iodata/occproj.htm. Published January 2009.

The projections of future employment growth in specific Alaskan industries bode well for graduates of UA's HDJA programs. Industries with the highest projected growth include health care, social assistance, utilities, professional, scientific and technical services, and mining[2]. Of the 15 fastest growing occupations in the state, two-thirds are directly related to providing health care services.

Historically at UA, more students choose to enroll in HDJA programs over programs in other areas of study. The BOR has supported this by focusing resources on HDJA programs in order to best align UA degree programs offered with state priorities. However, there are higher costs associated with most HDJA programs due to: a need for competitive wages to recruit faculty; smaller class sizes because of strict accreditation limits and lab constraints; and needs for costly equipment.

Educating majors in HDJA programs is a responsibility that all UA campuses contribute to. Overall, more than half of all students who receive a HDJA degree or certificate utilize coursework from more than one campus.

MAU Performance Highlights

UAA awarded 1,568 HDJA degrees, certificates and endorsements in FY09, an increase of 1.3 percent from FY08, although below the target of 1,646 awards. Strategies in support of future growth in HDJA awards at UAA focus on increasing awards in the areas of health as well as engineering and related programs.

UAF conferred 652 degrees, certificates and endorsements in HDJA programs in FY09, decreasing 11 percent from FY08 performance, and falling below the FY09 target of 760 awards. UAF projects a rebound on this measure in FY10 and FY11 as major enrollment in HDJA programs remains strong. UAF strategies in support of performance on this measure are focused on increasing major enrollment in HDJA programs.

UAS granted 236 degrees, certificates and endorsements in HDJA programs in FY09, roughly a 9 percent decrease from FY08 and landing below the target level of 265 awards. Future HDJA award growth strategies at UAS include: developing more HDJA programs; increasing access to HDJA program courses through alternative delivery formats; continued program initiatives that increase recruitment, retention and targeted major enrollment in HDJA programs.

Funding Impact

There is a delay between investments made in a program and degree production. This delay is due to a lag between enrollment growth and degree production, because it typically takes a minimum of one to four years to complete most programs.

Without continued, consistent state operating and capital investment to support new and expanded HDJA programs, degree production in these areas will plateau as capacity for existing programs is reached. In fact, without investment in preparatory programs for basic math and science skills, giving students the academic foundation to be successful in HDJA programs, the number of annual graduates may eventually decline as the number of Alaska high school graduates decreases over the next decade[3].

---

[2] *Alaska's 10-Year Occupational Forecast*, Alaska Economic Trends, January 2009, http://labor.alaska.gov/research/trends/jan09occ.pdf

[3] *Knocking at the College Door: Projections of High School Graduates by State and Race/Ethnicity, 1992 – 2022*, WICHE, March 2008, http://www.wiche.edu/info/publications/knocking_complete_book.pdf

HDJA program investments attract students to expanded program offerings and increase retention, improving performance. Another key to attracting and retaining students is UA's status as a research university. To continue to attract and retain these students it is important for UA to maintain relevant research in areas aligned with high demand fields. Capital investments to meet increasing capacity and equipment demands provide students with quality learning experiences and improve recruitment and retention to graduation.

Past State-Funded Program Increments

UA received program increments in FY07 totaling $4.2 million in general funds for Preparing Alaskans for Jobs and for Continuing Programs in State Needs. Also dedicated in support of these increments was $3.7 million in student tuition and fees and other revenue sources. The Preparing Alaskans for Jobs program increment supported expansion of engineering programs such as the Alaska Native Science and Engineering Program (ANSEP), 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, nursing, behavioral health, and allied health programs. Also funded in FY07 was the Integrated Science building (ISB), which opened in Fall 2009, providing accommodation for some growth at the Anchorage campus.

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. 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. The unfunded FY09 request increment in the area of student success ($1.6 million) would have supported planned growth in HDJA awards by improving retention and degree completion.

In FY10, the state invested $922,000 of general funds for a range of health related programs, including the Psychology Clinic Services at the Fairbanks and Anchorage campuses, a faculty position in Medical Assisting for the Tanana Valley Campus, program expansion for Anchorage campus and health outreach. Also dedicated in support of these increments was $150,000 in student tuition and fees and other university generated revenue sources.

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 helping to meet some of the 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 this long term funding source.

Internal Reallocations

Recognizing the legislature uses the Governor's proposed budget as a starting point, in only four years since FY00, (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 Board of Regents' (BOR) recognized the need for priority program growth and

through maximizing external revenue, internal efficiencies, and reallocations have distributed funding towards priority programs every year.

In FY10, the funding UA received from state appropriations was $6.4 million less than UA's compensation and fixed cost increment request.

FY11 Proposed Operating and Capital Request

Note that, due to the delay between funding and degree production, the direct impact of FY11 funding on this performance measure would be seen in FY13 at the earliest. However, an early impact will be observable in other related measures such as the number of majors enrolled in HDJA programs.

The proposed FY11 operating budget includes an $11.5 million general fund increment for compensation increases and other adjusted base requirements required to maintain existing performance levels. Also dedicated to this purpose will be an additional $13.8 million in federal revenue, student tuition and fees, and other non-state revenue sources. In addition, the proposed FY11 operating budget includes program increment requests totaling $5.2 million in general funds and dedication of an additional $2.8 million in non-state revenue sources supporting key HDJA programs including Teacher Education Health/Biomedical, Workforce Programs, and Engineering.

HDJA program investments attract students to expanded program offerings and increase retention, improving performance. Proposed FY11 program increment requests that would most directly impact retention and graduation rates for HDJA programs are: Science, Technology, Engineering and Math (STEM) preparatory support for students, including $1.4 million in general fund and an additional $552,000 dedicated from tuition and other university revenue sources; and Student Success Initiatives, including $2.1 million in general fund and dedication of an additional $407,000 in university generated revenue.

The proposed FY11 capital budget request includes $50 million for Maintaining Existing Facilities Renewal and Renovation (R&R) Annual Requirement. Funding at the $50 million level is the minimum necessary to maintain current performance levels in the long term. Capital projects that would meet increasing capacity and equipment demands include: UAF Life Sciences Classroom & Lab Facility; and Planning & Design for Construction of UA Engineering facilities.

Looking to the Future

Future growth in HDJA awards will be reliant on: consistent state investment in HDJA programs; a continued commitment to capital renewal and renovation; and capital investments in facilities to support HDJA program enrollment growth. To remain competitive and retain students it is important to keep UA infrastructure competitive.

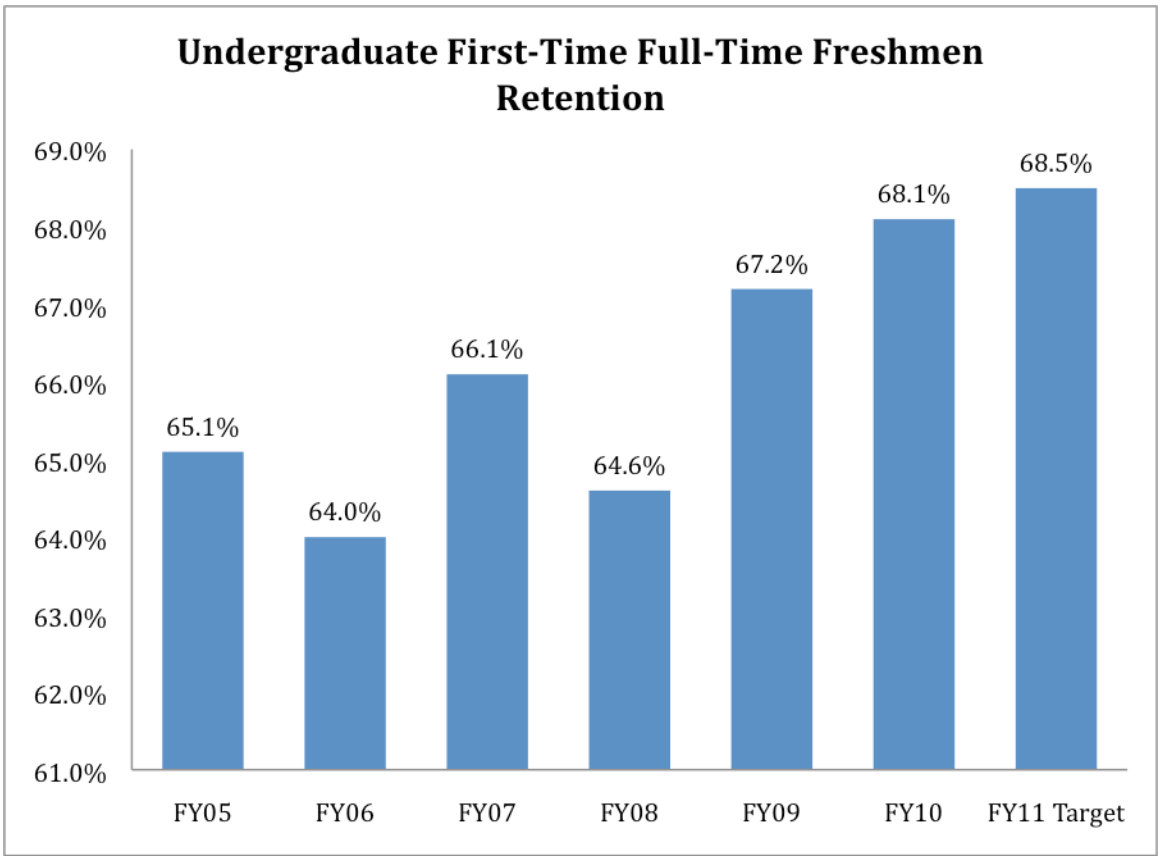
An additional consideration is the need for roughly half of incoming Alaskan first-time freshmen to successfully complete preparatory coursework in math and/or English in addition to the standard course requirements of each academic program. This, coupled with the projected decline in the number of Alaskan high school graduates, may result in the university being challenged to maintain current performance levels over the next decade.

Another key to attracting and retaining students is UA’s status as a research university. Operating investments in research help UA remain competitive in generating Federal Receipts and other non-state research revenue. Even with operating budget investments, the University of Alaska is struggling with space constraints.

Undergraduate Retention

Target: A target 68.5 percent retention rate for first-time full-time students in undergraduate degree and certificate programs in FY11.

Status: The University of Alaska undergraduate retention rate reached an all time high at 68.1 percent in FY10 increasing by 1.3 percentage points from the FY09 performance level and exceeding the FY09 target of 68.0 percent.



Analysis of results and challenges:

FY10 performance supports the fact that undergraduate retention rates fluctuate from year to year, but overall retention rates are trending upwards. The target for FY11 is based on investments that have already been made to improve retention and full funding of the Governor's proposed FY11 operating and capital requests. Future year growth will require continued consistent state investment in student success efforts and high demand job program areas.

Campus Performance Highlights

UAA had an undergraduate first-time full-time first year retention rate of 70.2 percent in FY10 representing the highest retention rate UAA has ever had and exceeding the target of 68.0 percent set for FY10.

UAF had a retention rate of 66.7 percent in FY10, which was an increase from the FY09 performance level of 66.5 percent, but was below the target set for FY10 of 67.0 percent.

UAS had a retention rate of 57.5 percent in FY10. This was a 7 percent (4 percentage point) increase from the FY09 performance level of 53.7 percent, and was well above the target set for FY10 of 55.0 percent.

Funding Impact

Investments that most directly impact undergraduate retention rates are in the areas of Science, Engineering, Math and Technology (STEM) preparatory support, and Student Success Initiatives. Also key to attracting and retaining students is the quality of the programs being offered. In addition, 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

Past State-Funded Program Increments

In FY07, UA received an increment for Continuing Programs in State Needs totaling $2.2 million in general funds and $1.4 million in student tuition and fees and other non-state revenue sources. Within this increment was a portion for meeting student demand ($295,000 GF; and $280,000 NGF). Also within this increment was funding for high demand programs and distance education support for high demand programs.

In FY09, the state invested $5.5 million of general funds for the Preparing Alaskans for Jobs increment. 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. It is important to note that there were some program specific student success initiatives funded within the engineering and health increments.

In FY09, the state also funded the $46 million UAA Health Sciences building, which provides 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 undergraduate retention rates.

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 helping to meet some of the 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 this long term funding source.

Internal Reallocations

Recognizing the legislature uses the Governor's proposed budget as a starting point, in only four years since FY00, (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 Board of Regents' (BOR) recognized the need for priority program growth and

through maximizing external revenue, internal efficiencies, and reallocations have distributed funding towards priority programs every year.

In FY10, the funding UA received from state appropriations was $6.4 million less than UA's compensation and fixed cost increment request.

FY11 Proposed Operating and Capital Request

The proposed FY11 operating budget includes an $11.5 million general fund increment for compensation increases and other adjusted base requirements required to maintain existing performance levels. Also dedicated to this purpose will be an additional $13.8 million in federal revenue, student tuition and fees, and other non-state revenue sources.

Proposed FY11 program increment requests that would most directly impact retention rates are: Science, Technology, Engineering and Math (STEM) preparatory support for students, including $1.4 million in general fund and an additional $552,000 dedicated from tuition and other university revenue sources; and Student Success Initiatives, including $2.1 million in general fund and dedication of an additional $407,000 in university generated revenue.

The proposed FY11 capital budget request includes $50 million for Maintaining Existing Facilities Renewal and Renovation (R&R) Annual Requirement. Funding at the $50 million level is the minimum necessary to maintain current performance levels in the long term.

Looking to the Future

Operating increments in student achievement will help students succeed with increased investment in proven strategies such as learning communities and freshman seminars. Also STEM investments would help increase the preparation of incoming students; and the successful completion of educational goals.

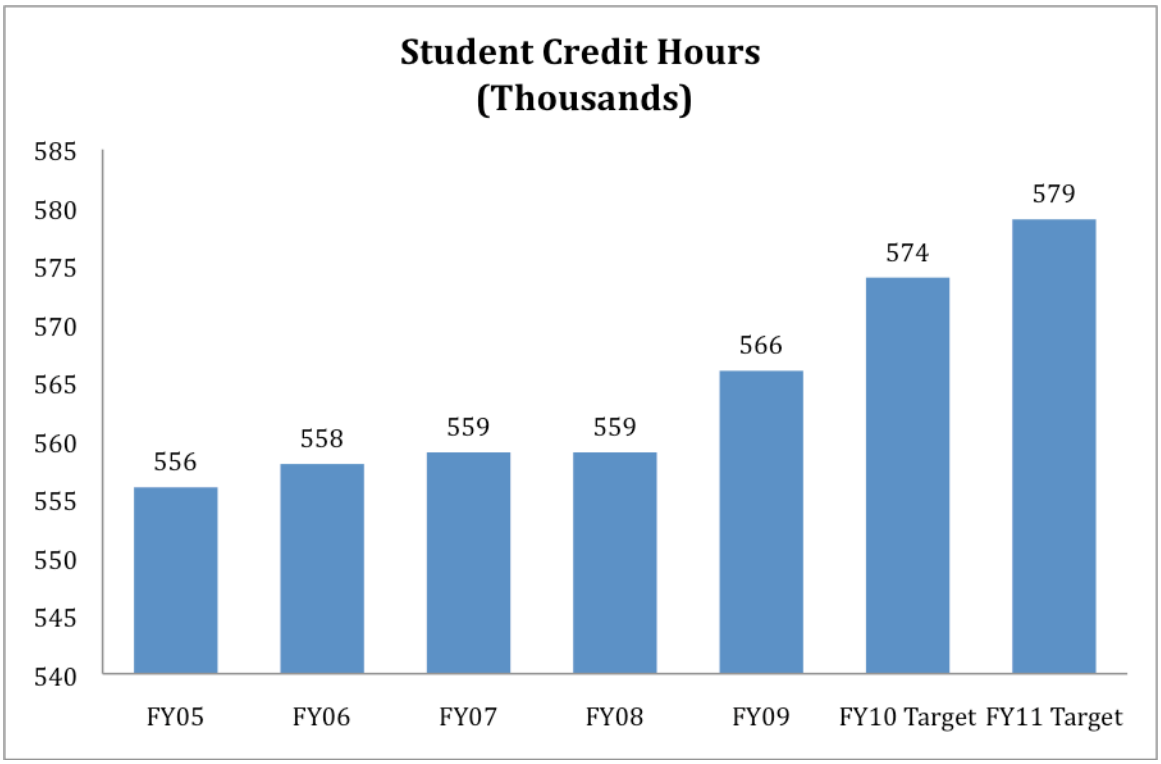
Across the nation and here in Alaska the issue of college and career readiness has become a focal point for higher education. The job landscape has changed such that individuals must be able to succeed at some form of post-secondary education in order to succeed and advance economically. UA will continue 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 full-time, first-time degree-seeking undergraduate students in a given fall semester that return to any UA campus the following fall.

Student Credit Hours

Target: A target of a 579,000 Student Credit Hours (SCH) attempted in FY11.

Status: FY09 student credit hours (SCH) delivered by the University of Alaska was an all time high of 566,000 SCH; however, this performance was below the FY09 target of 567,000 SCH.



Analysis of results and challenges:

UA delivered an all time high of 566,000 SCH in FY09, with each MAU showing increased performance, although landing below the system level target performance of 567,000 SCH for FY09. The FY11 target for this metric is based on full funding of the Governor's proposed FY11 operating and capital requests. For growth, investments in Science, Technology, Engineering and Math (STEM) related programs, Student Success Initiatives, and high demand program areas will be necessary to mitigate the projected declines in high school graduation rates.

Campus Performance Highlights

UAA delivered 344,000 SCH in FY09, which was a 1 percent increase from FY 08 and met the target performance level set for FY09 of 344,000.

UAF increased SCH delivered in FY09 from FY08 by 1 percent, for a total in FY09 of 174,000 SCH delivered, although below the target set for FY09 of 175,000.

UAS had a 3 percent increase in FY09 compared to FY08, for a total in FY09 of 49,000 SCH delivered, and exceeded the target set for FY09 of 48,000.

Funding Impact

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. Program requests that most directly impact retention are in the STEM programs category and the Student Success Initiatives category.

Past State-Funded Program Increments

UA received program increments in FY07 totaling $4.2 million in general funds for Preparing Alaskans for Jobs and for Continuing Programs in State Needs. Also dedicated in support of these increments was $3.7 million in student tuition and fees and other revenue sources. The Preparing Alaskans for Jobs program increment supported expansion of engineering programs such as the Alaska Native Science and Engineering Program (ANSEP), 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, 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 SCH production, 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 helping to meet some of the 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 this long term funding source.

Internal Reallocations

Recognizing the legislature uses the Governor's proposed budget as a starting point, in only four years since FY00, (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 Board of Regents' (BOR) recognized the need for priority program growth and through maximizing external revenue, internal efficiencies, and reallocations have distributed funding towards priority programs every year.

In FY10, the funding UA received from state appropriations was $6.4 million less than UA's compensation and fixed cost increment request.

FY11 Proposed Operating and Capital Request

The proposed FY11 operating budget includes an $11.5 million general fund increment for compensation increases and other adjusted base requirements required to maintain existing performance levels. Also dedicated to this purpose will be an additional $13.8 million in federal revenue, student tuition and fees, and other non-state revenue sources.

In addition, the proposed FY11 operating budget includes program increment requests totaling $5.2 million in general funds and dedication of an additional $2.8 million in non-state revenue sources supporting key HDJA programs including Teacher Education Health/Biomedical, Workforce Programs, and Engineering.

Proposed FY11 program increment requests that would directly impact performance on this measure are: Science, Technology, Engineering and Math (STEM) preparatory support for students, including $1.4 million in general fund and an additional $552,000 dedicated from tuition and other university revenue sources; and Student Success Initiatives, including $2.1 million in general fund and dedication of an additional $407,000 in university generated revenue.

The proposed FY11 capital budget request includes $50 million for Maintaining Existing Facilities Renewal and Renovation (R&R) Annual Requirement. Funding at the $50 million level is the minimum necessary to maintain current performance levels in the long term. Capital projects that would meet increasing capacity and equipment demands include: UAF Life Sciences Classroom & Lab Facility; and Planning & Design for Construction of UA Engineering facilities.

Looking to the Future

Left unmitigated the predicted declines in high school graduation rates could cause declines in future SCH production. Proposed FY11 increments for the STEM category would help increase the preparation of incoming students; and the successful completion of educational goals. It would also support improvement in the "college going rate" of Alaska high school graduates. Alaska has one of the lowest college going rates in the nation for recent high school graduates. Improvements in these areas would increase overall student enrollment.

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.

Another key to achieving increased recruitment and retention is the quality of the programs being offered. HDJA program increments in the areas of Teacher Education, Health, Workforce programs and Engineering help attract and retain students in new and expanded program offerings. Capital projects to meet increasing capacity demands and provide students with quality learning are: UAF Life Sciences Classroom & Lab Facility; and Planning & Design for Construction of UA Engineering facilities.

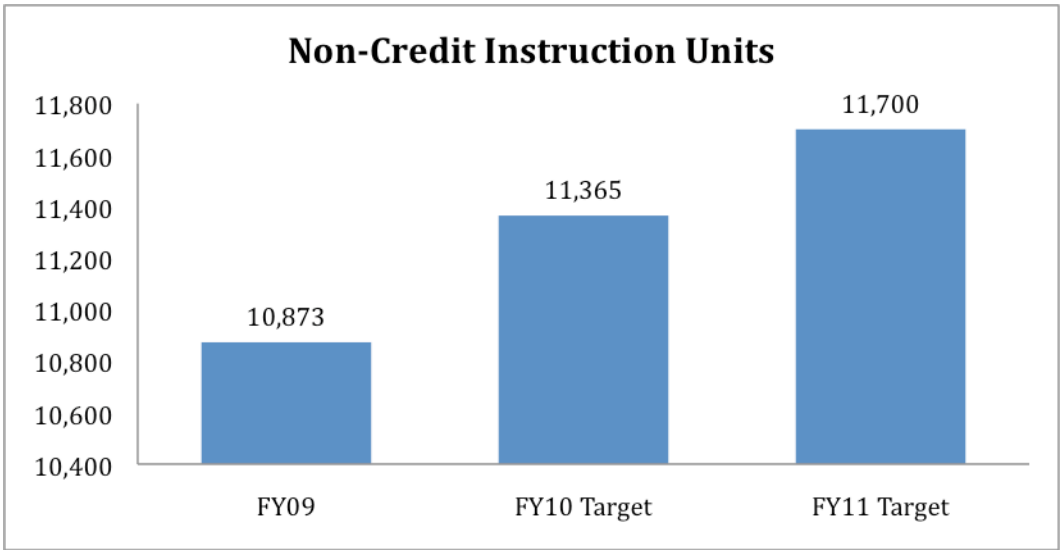
UA's status as a research university helps attract and retain high caliber students. Operating investments in research help UA become more competitive in generating Federal Receipts and other non-state research revenue. Even with operating budget investments, the University of Alaska is struggling with space constraints. Future growth in research is not possible without additional space.

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.

Non-Credit Instruction

Target: A target of 11,700 Non-Credit Instructional Productivity Units (NCUs) attempted in FY11.

Status: This metric is newly devised and the FY09 performance level of 10,873 units is a base year to determine future targets and growth.



Analysis of results and challenges:
The university adopted this performance measure in 2007, with FY09 being the first year for which baseline MAU performance would be reported, and each MAU has indicated additional data refinements are in progress during FY10. A system wide performance measure for this area was added to recognize and facilitate strategic management of non-credit instructional activity, particularly at the community campuses.

The underlying definition for this performance measure is that one NCU is equivalent to delivery of 10 non-credit student contact hours.

Campus Performance Highlights
UAA produced over 60 percent (6,537 units) of the NCU offered by UA in FY09. Of this NCU production at UAA in FY09, Prince William Sound Community College contributed over 52 percent (3,405 units), Kenai Peninsula College added 20 percent (1,308 units) and Matanuska-Susitna College produced 10 percent (665 units). UAA considers Non-Credit Instruction to be indicator of instructional activity and not a performance measure and therefore does not set targets and goals for this activity.

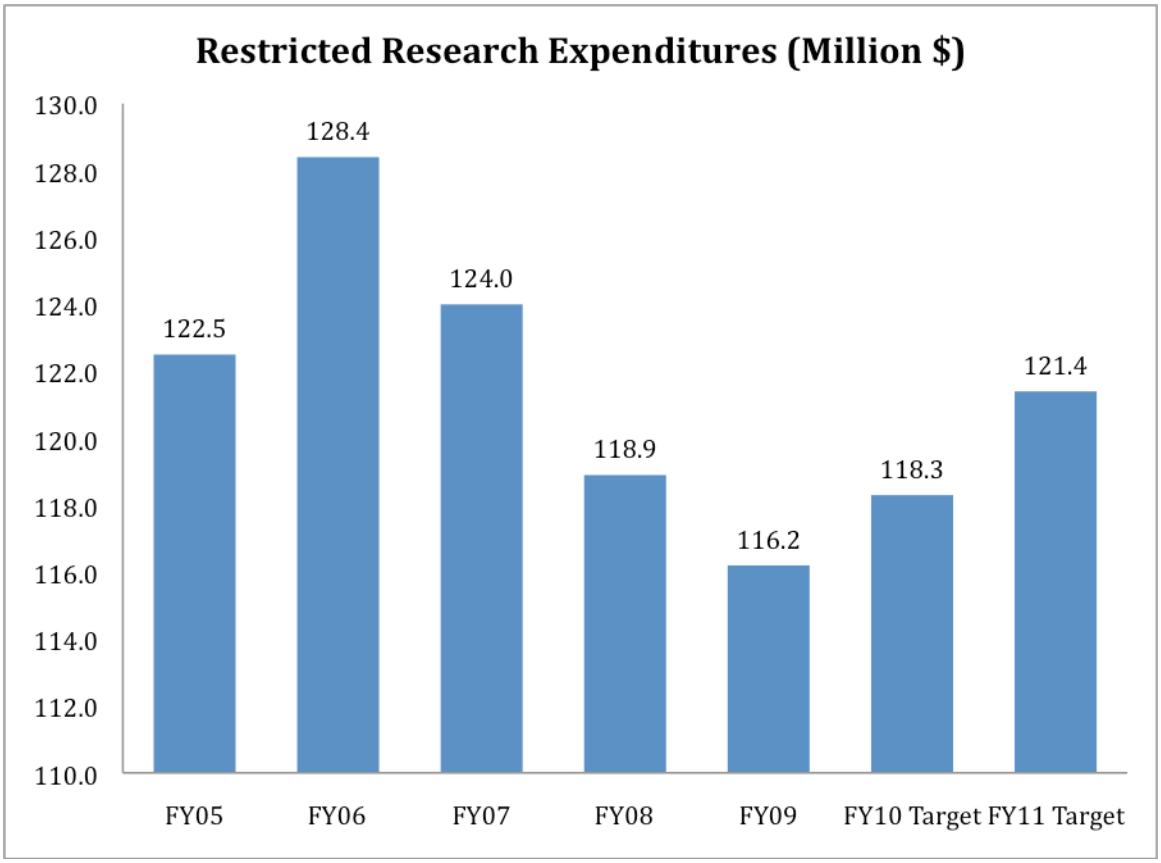
UAF produced 2,732 NCU in FY09, which was roughly 25 percent of the UA System total NCU offered. Almost 35 percent of UAF's NCU production (951 units), and the Kuskokwim campus, which offered nearly all of UAF's NCU production in FY09 (904 units).

UAS produced almost 15 percent of the NCU offered by the UA System in FY09 (1,604 units). The two major sources at UAS of NCU productivity were the Sitka campus producing almost 60 percent (952 units) and the Ketchikan campus producing the other 40 percent (652 units).

Restricted Research Expenditures

Target: A target of $121.4 million in grant funded expenditures in FY11.

Status: University restricted research expenditures totaled $116 million in FY09, landing $2.7 million (2 percent) down from FY08 performance levels. The target for FY09 was to maintain FY08 performance levels.



Analysis of results and challenges:
In FY09, restricted research expenditures decreased by 2 percent (2.7 million) from the FY08 performance level. The FY09 target for restricted research expenditures was to remain flat or minimal increase from the FY08 performance level. A number of factors, most notably facility constraints, contributed to a drop in performance during FY09 and, left unmitigated, will diminish expected future growth on this performance measure. The target for FY11 is based on full funding of the Governor's proposed FY11 operating and capital requests.

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 each year[4].

MAU Performance Highlights

UAA generated $8.1 million in FY09, which was near 8 percent ($660,000) decrease from the FY08 performance level, and below the anticipated target for FY09 of $8.8 million.

UAF generated $106.5 million in FY09, which was a $1.5 million (1 percent) decrease from the FY08 performance level and below the target for FY09 by $2.1 million.

UAS generated $1.5 million in FY09, equivalent to a 28 percent decrease ($570,000) from the FY08 performance, but this performance level exceeded the projected target for FY09 by $500,000.

Funding Impact

Operating investments in research help UA become more competitive in generating Federal Receipts and other non-state research revenue. Even with operating budget investments, the University of Alaska is struggling with space constraints. Future growth in research is not possible without additional space.

Past State-Funded Program Increments

In FY07, UA received a legislative appropriation in state funding of $1 million toward the requested $4 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). One such IPY related research investment made was 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.

In FY10, one-time funding of $950,000 was allocated to support Alaska Cooperative Extension and the Alaska Center for Energy and Power (ACEP).

Internal Reallocations

Recognizing the legislature uses the Governor's proposed budget as a starting point, in only four years since FY00, (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 Board of Regents' (BOR) recognized the need for priority program growth and through maximizing external revenue, internal efficiencies, and reallocations have distributed funding towards priority programs every year.

In FY10, the funding UA received from state appropriations was $6.4 million less than UA's compensation and fixed cost increment request.

[4] Goldsmith, S., March 2007 ISER publication, *University of Alaska Research: An Economic Enterprise*, http://www.alaska.edu/swbir/ir/sponsored-research/UAResearch2007.pdf

Over the last decade, UA has received incremental state funding for research in FY07 and FY10, and the funding received was a fraction of the amount requested. All research investments beyond this came through internal reallocation or non-state revenue sources.

FY11 Proposed Operating and Capital Request

The proposed FY11 operating budget includes an $11.5 million general fund increment for compensation increases and other adjusted base requirements required to maintain existing performance levels. Also dedicated to this purpose will be an additional $13.8 million in federal revenue, student tuition and fees, and other non-state revenue sources.

In addition to adjusted base requirements, the proposed FY11 operating budget request includes two request categories in support of future performance targets for this measure. The proposed Energy increment request for $1.1 million of general fund and an additional $2.7 million from other sources, will address solutions to the state's most pressing energy issues and provide a stable funding source for one-time, FY10 funding allocated to Alaska Cooperative Extension and the Alaska Center for Energy and Power (ACEP), as well as faculty support for an occupational endorsement certificate program in Renewable Energy.

The second FY11 request category supporting performance on this measure is Climate, for $1.2 million in general funds with dedication of another $1.8 million in university generated revenue. This request will provide core expertise and support for research faculty and staff to sustain long-term monitoring and understanding of environmental, ecological and social change in Alaska, leveraging new research and federal funding initiatives related to climate change. Funding will also address the needs expressed by Scenarios Network for Alaska Planning (SNAP) and the Alaska State Legislature's Climate Impact Assessment Commission.

The proposed FY11 capital budget request includes $50 million for Maintaining Existing Facilities Renewal and Renovation (R&R) Annual Requirement. Funding at the $50 million level is the minimum necessary to maintain current performance levels in the long term. Capital projects required to meet future targets and goals for this performance measure include: UAF Life Sciences Classroom & Lab Facility; and Planning & Design for Construction of UA Engineering facilities.

Looking to the Future

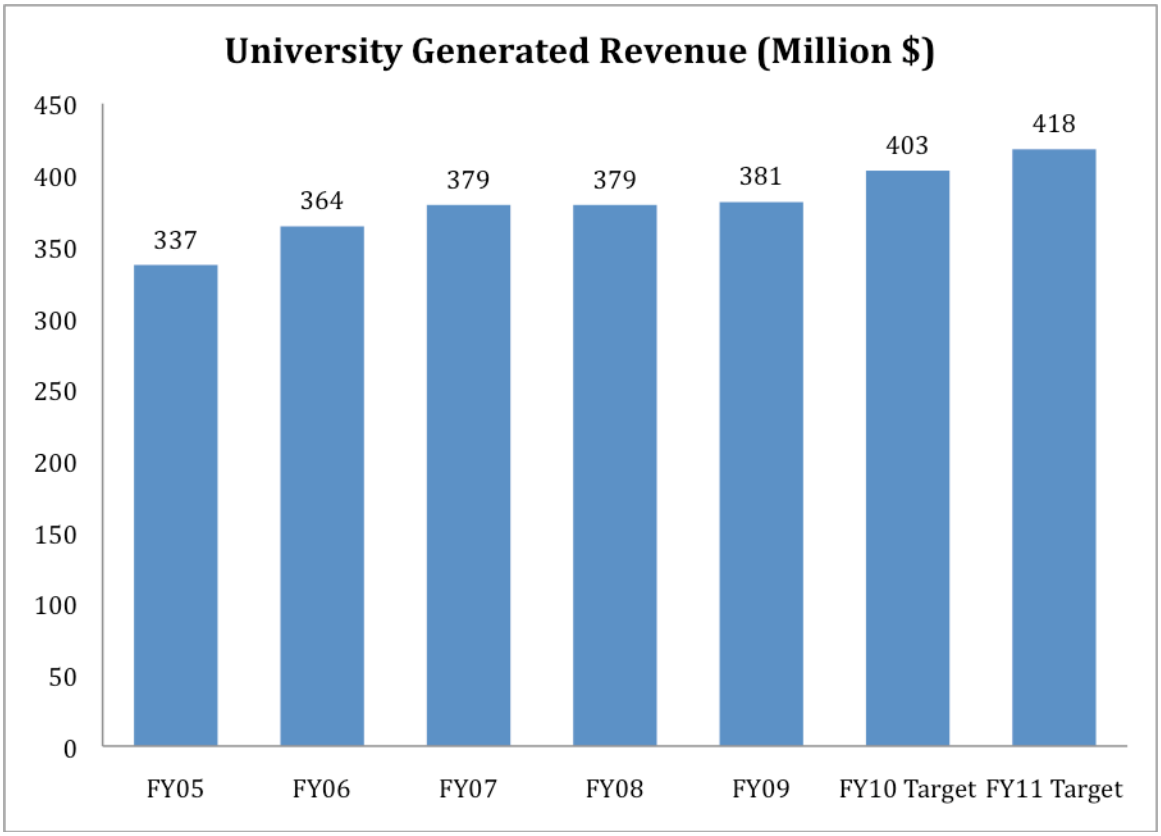
Operating investments in research help UA remain competitive in generating Federal Receipts and other non-state research revenue. Even with operating budget investments, the University of Alaska is struggling with space constraints. Future growth in research is not possible without additional space requested for UAF Life Sciences Classroom & Lab Facility and engineering facility planning.

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 depends 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.

University Generated Revenue

Target: A target of $418 million in university and federal receipts in FY11.

Status: FY09 University of Alaska revenue generated from non-state funds was $381 million, representing a slight increase from the FY08 level of $379 million; this performance was below the established target set for FY09.



Analysis of results and challenges:
University generated revenue (UGR) reached $381 million in FY09, an increase of $2 million (0.5 percent) over the FY08 performance level of $379 million. This fell short of the FY09 target increase of $15 million (3.8 percent) from the observed FY08 level.

The primary factor impacting FY09 performance on this measure was investment losses caused by the global economic crisis. Due to the adverse investment conditions in FY09, investment losses totaled $8 million, of which $3.9 million was absorbed at the Statewide MAU and the remaining $4.1 million by the three academic MAUs. During the FY09, adjustments were made to conservatively invest the portfolio to maintain liquidity and reduce risks. This revised strategy has lowered the risks, however will also result in decreases to the ultimate revenue yield.

The FY10 and FY11 forecasted targets of 5.8 percent and 3.5 percent increases respectively, are the minimum needed in order to meet anticipated fixed cost increases while maintaining current performance levels. Future growth in university generated revenue is expected to be moderate due to modest increases in tuition revenue mitigated by the current financial market crisis, a more competitive federal funding environment, as well as challenges with other major external, temporary funding sources.

Campus Performance Highlights

UAA generated $132 million in university generated revenue in FY09, which was a 4 percent, or $5 million increase from FY08, although below the FY09 target of $135 million. Strategies for future growth at UAA in university generated revenue include: increasing total and international student enrollment, which generates more student tuition and fees, including revenue from the non-resident tuition surcharge.

UAF generated $212 million in university generated revenue in FY09, which was a $1 million increase for FY08, but below the FY09 target of $216 million. UAF is anticipating some growth in research revenues in FY10 and FY11, growth in student tuition and fees and philanthropic giving in those future years, and minimal annual increases in University Receipts to forecast FY10 and FY11 targets for university generated revenue.

UAS generated $19 million in university generated revenue in FY09, which was a $1 million decrease from FY08 and was also below the FY09 target of $20 million. FY10 and FY11 future growth and targets are based on increased enrollment figures and subsequent increases in tuition and fees and increased revenues in housing.

Funding Impact

University generated revenue comes from a variety of sources the largest being Federal Receipts, Student Tuition and Fees and other University Receipts, respectively. Therefore, investments that impact UA's ability to generate revenue from each of these sources significantly impact this measure.

Operating increments that improve recruitment and retention improve student tuition and fee generation. Operating investments in research help UA become more competitive in generating Federal Receipts and also improve recruitment and retention by helping UA maintain its status as a research university.

Past State-Funded Program Increments

UA received program increments in FY07 totaling $4.2 million in general funds for Preparing Alaskans for Jobs and for Continuing Programs in State Needs. Also dedicated in support of these increments was $3.7 million in student tuition and fees and other revenue sources. The Preparing Alaskans for Jobs program increment supported expansion of engineering programs such as the Alaska Native Science and Engineering Program (ANSEP), 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, nursing, behavioral health, and allied health programs.

In FY07, UA received a legislative appropriation in state funding of $1 million toward the requested $4 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 of health, engineering, and fisheries.

In FY09, the state also funded the $46 million UAA Health Sciences building, which provides 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 helping to meet some of the 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 this long term funding source.

Internal Reallocations

Recognizing the legislature uses the Governor's proposed budget as a starting point, in only four years since FY00, (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 Board of Regents' (BOR) recognized the need for priority program growth and through maximizing external revenue, internal efficiencies, and reallocations have distributed funding towards priority programs every year.

In FY07, temporary funding from sources such as BP/ConocoPhillips was used toward research activities related to the International Polar Year (IPY). One such IPY related research investment made was 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.

In FY10, the funding UA received from state appropriations was $6.4 million less than UA's compensation and fixed cost increment request.

FY11 Proposed Operating and Capital Request

The proposed FY11 operating budget includes an $11.5 million general fund increment for compensation increases and other adjusted base requirements required to maintain existing performance levels. Also dedicated to this purpose will be an additional $13.8 million in federal revenue, student tuition and fees, and other non-state revenue sources.

In addition, the proposed FY11 operating budget includes program increment requests totaling $5.2 million in general funds and dedication of an additional $2.8 million in non-state revenue sources supporting key HDJA programs including Teacher Education Health/Biomedical, Workforce Programs, and Engineering.

Proposed FY11 program increment requests that would most directly impact retention and therefore tuition revenue are: Science, Technology, Engineering and Math (STEM) preparatory support for students, including $1.4 million in general fund and an additional $552,000 dedicated from tuition and other university revenue sources; and Student Success Initiatives, including $2.1 million in general fund and dedication of an additional $407,000 in university generated revenue.

The proposed FY11 capital budget request includes $50 million for Maintaining Existing Facilities Renewal and Renovation (R&R) Annual Requirement. Funding at the $50 million level is the minimum necessary to maintain current performance levels in the long term. Capital projects that would meet increasing capacity demands include: UAF Life Sciences Classroom & Lab Facility; Planning & Design for Construction of UA Engineering facilities; and the Feasibility Study for Community Campuses.

Looking to the Future

Left unmitigated the predicted declines in high school graduation rates could cause declines in future SCH production. Proposed FY11 increments for the STEM category would help increase the preparation of incoming students; and the successful completion of educational goals. It would also support improvement in the "college going rate" of Alaska high school graduates. Alaska has one of the lowest college going rates in the nation for recent high school graduates. Improvements in these areas would increase overall student enrollment.

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.

Another key to achieving increased recruitment and retention, resulting in increased tuition and fees revenue, is the quality of the programs being offered. HDJA program increments in the areas of Teacher Education, Health, Workforce programs and Engineering help attract and retain students in new and expanded program offerings. Capital projects to meet increasing capacity demands and provide students with quality learning are: UAF Life Sciences Classroom & Lab Facility; and Planning & Design for Construction of UA Engineering facilities.

UA's status as a research university helps attract and retain high caliber students. Operating investments in research help UA become more competitive in generating Federal Receipts and other non-state research revenue. Even with operating budget investments, the University of Alaska is struggling with space constraints. Future growth in research is not possible without additional space.

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.

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.

Table 1. University of Alaska Performance Results, Targets and Goals, FY06 - FY15

Note: The FY11 - FY15 targets and goals are based on the assumption of full funding for the proposed FY11 operating and capital budget requests.

High Demand Job Graduates	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY09 Actuals	FY09 Targets	FY10 Target	FY11 Target	FY12 Goals	FY13 Goals	FY14 Goals	FY15 Goals	Average Annual % Change, FY10 - FY15
UAA	1,358	1,558	1,548	1,568	1,646	1,632	1,714	1,800	1,890	1,985	2,084	4.9%
UAF	727	741	731	652	760	775	790	885	915	945	945	6.6%
UAS	198	205	259	236	265	272	284	295	308	315	290	3.7%
Health	*677*	*732*	*772*	*710*	*790*	*750*	*830*	*915*	*961*	*1,002*	*1,025*	6.4%
Baccalaureate Engineering	*85*	*72*	*81*	*94*	*110*	*110*	*125*	*150*	*175*	*200*	*200*	13.6%
High Demand Job Graduates	**2,283**	**2,504**	**2,538**	**2,456**	**2,671**	**2,679**	**2,788**	**2,980**	**3,113**	**3,245**	**3,319**	**5.2%**
Percent Change from Prior Year	**9.2%**	**9.7%**	**1.4%**	**-3.2%**	**5.2%**	**9.1%**	**4.1%**	**6.9%**	**4.5%**	**4.2%**	**2.3%**	

Note: To provide valid comparison trends, historical information has been adjusted to reflect the programs currently classified as High Demand, most recently updated August 2009.

First-Time, Full-Time Undergraduate Retention	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY09 Actuals	FY10 Actuals	FY10 Target	FY11 Target	FY12 Goals	FY13 Goals	FY14 Goals	FY15 Goals	Average Annual % Change, FY10 - FY15
UAA	64.4%	67.6%	66.7%	68.7%	70.2%	68%	68%	68%	68%	68%	68%	-0.2%
UAF	63.4%	65.7%	63.9%	66.0%	66.7%	67%	68%	69%	70%	71%	71%	1.2%
UAS	66.0%	57.5%	51.8%	53.7%	57.5%	55%	57%	59%	61%	63%	63%	2.7%
Baccalaureate	*69.7%*	73.0%	*71.6%*	*73.6%*	*76.1%*	*74%*	*76%*	*77%*	*78%*	*78%*	*78%*	0.9%
Baccalaureate Scholars	*79.2%*	79.6%	*83.0%*	*85.2%*	*83.6%*	*87%*	*87%*	*87%*	*88%*	*88%*	*88%*	0.5%
Retention	**64.0%**	**66.1%**	**64.6%**	**67.2%**	**68.1%**	**68.0%**	**68.5%**	**69.0%**	**69.5%**	**70.0%**	**70.0%**	**0.7%**
Percent Change from Prior Year	**-1.7%**	**3.3%**	**-2.3%**	**4.0%**	**1.3%**	**1.2%**	**0.7%**	**0.7%**	**0.7%**	**0.7%**	**0.0%**	

Student Credit Hours Attempted (Thousands)	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY09 Actuals	FY09 Targets	FY10 Target	FY11 Target	FY12 Goals	FY13 Goals	FY14 Goals	FY15 Goals	Average Annual % Change, FY10 - FY15
UAA	336	339	340	344	344	347	349	352	354	358	359	0.7%
UAF	169	171	172	174	175	178	179	181	183	185	186	1.2%
UAS	52	49	47	49	48	49	51	52	54	56	56	2.4%
SCH Attempted	**558**	**559**	**559**	**566**	**567**	**574**	**579**	**585**	**591**	**598**	**601**	**1.0%**
Percent Change from Prior Year	**0.3%**	**0.2%**	**0.0%**	**1.3%**	**1.4%**	**1.3%**	**0.8%**	**1.1%**	**1.0%**	**1.2%**	**0.5%**	

Note: Figures include year-long courses.

Table 1. University of Alaska Performance Results, Targets and Goals, FY06 - FY15
Continued

Note: The FY11 - FY15 targets and goals are based on the assumption of full funding for the proposed FY11 operating and capital budget requests.

Non-Credit Instruction	FY09 Actuals	FY10 Target	FY11 Target	FY12 Goals	FY13 Goals	FY14 Goals	FY15 Goals	Average Annual % Change, FY10 - FY15
UAA*	6,537							
UAF	2,732	3,000	3,300	3,500	3,500	3,500	3,500	4.3%
UAS	1,604	1,765	1,800	1,840	1,880	1,920	1,960	3.4%
Non-Credit Instructional Activity	**10,873**	**11,365**	**11,700**	**11,940**	**11,980**	**12,020**	**12,060**	**1.8%**
Percent Change from Prior Year		**4.5%**	**2.9%**	**2.1%**	**0.3%**	**0.3%**	**0.3%**	

Note: FY09 is the first year MAUs have reported non-credit instructional units (10 contact hours = 1 unit). *UAA considers Non-Credit Instruction to be indicator of instructional activity and not a performance measure, therefore MAU level targets and goals are not set for this activity. Total UA targets and goals assume UAA maintains a constant level of activity through FY15.

Research Expenditures (Million $)	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY09 Actuals	FY09 Targets	FY10 Target	FY11 Target	FY12 Goals	FY13 Goals	FY14 Goals	FY15 Goals	Average Annual % Change, FY10 - FY15
UAA	13.7	10.3	8.8	8.1	8.8	7.8	7.9	8.0	8.1	8.2	8.2	0.2%
UAF	113.9	112.6	108.0	106.5	108.6	109.0	112.0	115.0	119.0	125.0	131.0	3.5%
UAS	0.8	1.2	2.1	1.5	1.0	1.5	1.5	1.6	1.6	1.6	1.6	1.0%
Research Expenditures	**128.4**	**124.0**	**118.9**	**116.2**	**118.4**	**118.3**	**121.4**	**124.6**	**128.7**	**134.8**	**140.8**	**3.3%**
Percent Change from Prior Year	**4.7%**	**-3.4%**	**-4.2%**	**-2.3%**	**-0.4%**	**1.8%**	**2.7%**	**2.6%**	**3.3%**	**4.0%**	**4.0%**	

University Generated Revenue (Million $)	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY09 Actuals	FY09 Target	FY10 Target	FY11 Target	FY12 Goals	FY13 Goals	FY14 Goals	FY15 Goals	Average Annual % Change, FY10 - FY15
UAA	118	122	127	132	135	139	145	150	155	161	167	4.0%
UAF	204	210	211	212	216	220	227	235	245	256	266	3.9%
UAS	20	19	20	19	20	21	22	23	24	25	26	5.5%
SW	22	28	21	18	22	23	24	26	27	28	28	8.0%
University Generated Revenue	**364**	**379**	**379**	**381**	**394**	**403**	**418**	**433**	**451**	**470**	**487**	**4.2%**
Percent Change from Prior Year	**7.9%**	**4.2%**	**0.1%**	**0.5%**	**3.8%**	**5.8%**	**3.5%**	**3.7%**	**4.1%**	**4.3%**	**3.7%**	

Draft Program Growth Scenario
Significant Assumptions for Revenue, Expenditure, and Performance Goals
FY10 – FY20

Performance Goals:

(1) High Demand Job Area Program (HDJA) Awards will reach over 3,300 by FY15, providing an additional 640 trained workers annually beyond the FY10 level of nearly 2,700 awards. This is equivalent to an average annual increase of 4.1 percent from FY10 – FY15. From FY15 – FY20, the rate of growth is expected to moderate to an average 3.6 percent annually, reaching a level of nearly 4,000 awards by FY20. This is equivalent to an additional 1,300 trained workers annually beyond the FY10 level.

(2) Student Credit Hours (SCH) will grow by 27,000 from FY10 – FY15, an average annual increase of 0.7 percent per year. This growth rate is expected to moderate to nearly 1.0 percent average annual growth from FY15 – FY20, yielding 635,000 student credit hours annually by FY20. This is equivalent to 61,000 more student credit hours delivered annually than in FY10.

(3) Grant Funded Research Expenditures will grow by about $22.5 million from FY10 to FY15, averaging 3.5 percent growth each year. From FY15 through FY20, the growth is expected to average at 5.2 percent annually. By FY20 grant funded research expenditures will have grown to more than $180 million annually, up $63 million from the FY10 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 peaked in 2008-2009 at just under 8,000 and will decline by more than 15 percent (approximately 1,300) by FY15. 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.

Revenue and Expenditure assumptions will be discussed during the presentation.

Table 2. University of Alaska
Draft Program Growth Scenario Summary
FY06, FY10, FY15 and FY20

Revenue by Source (million $)	FY06 Actuals	FY10 Estimates	FY15 Projections	FY20 Projections	Projected Average Annual % Change FY06-FY10	FY10-FY15	FY15-FY20
State Appropriations[1]	248.2	327.0	482.3	704.0	7.1%	8.1%	7.9%
Receipt Authority	386.0	445.9	556.6	703.0	3.7%	4.5%	4.8%
Total Revenue	**634.2**	**772.9**	**1,039.0**	**1,407.0**	**5.1%**	**6.1%**	**6.3%**
Expenditures by NCHEMS Category (million $)							
Instruction and Student Related	270.9	333.2	482.6	709.1	5.3%	7.7%	8.0%
Infrastructure	153.1	206.0	259.2	320.5	7.7%	4.7%	4.3%
Public Service	31.2	40.0	49.4	58.8	6.4%	4.3%	3.6%
Research	138.2	139.6	172.3	226.7	0.3%	4.3%	5.6%
Auxiliary Services	40.7	54.1	75.4	91.8	7.3%	6.9%	4.0%
Total Expenditures	**634.2**	**772.9**	**1,039.0**	**1,407.0**	**5.1%**	**6.1%**	**6.3%**
Performance Results							
High Demand Job Area Awards	2,283	2,679	3,319	3,966	4.1%	5.8%	3.6%
SCH Attempted (thousands)	558	574	601	635	0.7%	0.9%	1.1%
Research Expenditures (million $)	128.4	118.3	140.8	181.8	-2.0%	3.5%	5.2%

Draft Program Maintenance Scenario
Significant Assumptions for Revenue, Expenditure, and Performance Goals
FY10 – FY20

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 FY15, providing an additional 530 trained workers that year alone beyond the FY10 level of about 2,700 graduates. No significant growth is anticipated between FY15 and FY20 in this scenario.

(2) Student Credit Hours (SCH) will grow marginally by 15,000 from FY10 – FY15, an average annual increase of 0.5 percent per year. This growth rate will remain constant at 0.5 percent average annual growth from FY15 – FY20, yielding 589,000 student credit hours annually by FY20

(3) Grant Funded Research Expenditures will grow by $4.7 million, averaging 0.8 percent growth each year from FY10 to FY15, and holding steady at this same average annual growth rate through FY20 for a total of nearly $128 million in FY20.

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 peaked in 2008-2009 at just under 8,000 and will decline by more than 15 percent (approximately 1,300) by FY15. 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.

Revenue and Expenditure assumptions will be discussed during the presentation.

Table 3. University of Alaska
Draft Program Maintenance Scenario Summary
FY06, FY10, FY15 and FY20

Revenue by Source (million $)	FY06 Actuals	FY10 Estimates	FY15 Projections	FY20 Projections	Projected Average Annual % Change FY06-FY10	FY10-FY15	FY15-FY20
State Appropriations[1]	248.2	327.0	398.8	484.2	7.1%	4.0%	4.0%
Receipt Authority	386.0	445.9	508.8	574.8	3.7%	2.7%	2.5%
Total Revenue	**634.2**	**772.9**	**907.5**	**1,059.0**	**5.1%**	**3.3%**	**3.1%**
Expenditures by NCHEMS Category (million $)							
Instruction and Student Related	270.9	333.2	399.5	477.5	5.3%	3.7%	3.6%
Infrastructure	153.1	206.0	247.5	290.6	7.7%	3.7%	3.3%
Public Service	31.2	40.0	47.9	57.5	6.4%	3.7%	3.7%
Research	138.2	139.6	145.2	151.4	0.3%	0.8%	0.8%
Auxiliary Services	40.7	54.1	67.5	82.0	7.3%	4.5%	4.0%
Total Expenditures	**634.2**	**772.9**	**907.5**	**1,059.0**	**5.1%**	**3.3%**	**3.1%**
Performance Results							
High Demand Job Area Awards	2,283	2,679	3,210	3,275	4.1%	3.7%	0.4%
SCH Attempted (thousands)	558	574	589	589	0.7%	0.5%	0.0%
Restricted Research Expenditures (million	128.4	118.3	123.0	127.7	-2.0%	0.8%	0.8%